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Henry E. Erdman

AGRICULTURAL ECONOMICS: TEACHING, RESEARCH,  
AND WRITING: UNIVERSITY OF CALIFORNIA,  
BERKELEY, 1922-1969

An Interview Conducted by  
Malca Chall





Professor Henry E. Erdman

1952





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## INTRODUCTION

Henry Erdman has been a prominent agricultural economist specializing in marketing and cooperative enterprise for the past half century. As an agricultural economist--one who came into the fledgling discipline in 1914--his approach has always remained broad, and historical, unlike the highly technical, econometric approach prevalent today.

Considered a pioneer in the study of marketing processes, he has been within the past decade the subject of two articles.\* Many of the facts highlighting his long career as a scholar, teacher, lecturer, and writer are, therefore, on record. So too, are the results of this career: the many published articles, and the three books.

Yet always the name Henry Erdman emerged whenever the Regional Oral History Office planned to continue interviewing agriculturalists of note. Henry Erdman must tell his own story. Appropriately enough the Giannini Foundation of Agricultural Economics provided this opportunity for the oral history.

Professor Erdman is eighty-six and he has had a long and active life to look back upon. Furthermore he is now deeply involved in research and writing a book on the history of the agricultural cooperative movement in California--a large and challenging assignment.

He agreed to the interview, seeing it possibly as one more of life's challenges, as well as the opportunity to assist in setting forth the record for the ultimate use of historians.

Characteristically, he devoted himself to the interview with its attendant research and editing by giving to it the time, care, and scholarship for which he is noted. Grace Larsen,

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\*Joseph G. Knapp, "Henry Ernest Erdman-Scholar, Teacher, and Historian", Great American Cooperators (Washington, D.C.: American Institute of Cooperation, 1967) pp. 160-164.

George L. Mehren, "Henry E. Erdman-A Pioneer in Marketing", Journal of Marketing, April, 1960.



with whom he has collaborated on several publications, has said that he can't be hasty, slovenly or lazy--his work has to be just right.

Henry Erdman grew up on a farm in South Dakota, and until he was nearly thirty years old he had planned to spend his life as a farmer. He learned his three R's--as did other farm boys--during the seasons when he wasn't needed on the land. When, at eighteen, he'd finished the eighth grade, he decided to take the advice of a discerning teacher and continue his education. Except for a brief desire to study law, which he gave up in favor of a more practical course in business at Humboldt College in Iowa, his choice of curriculum and work for the next decade was based on the assumption that he would join his father on the farm and that the newly acquired knowledge would be useful to this career.

His study for a B.S. degree at South Dakota State Agricultural College (1906-1911) where he majored in dairying, and his subsequent employment there as a buttermaker, manager of the college creamery, and eventually deputy dairy inspector might very well have enabled him to be a better than average farmer. When, by 1914, he realized that he would not join his father on the farm, his continuing intellectual curiosity and his dislike of routine work without the promise of a future prompted him to leave his job as dairy inspector and enroll as a graduate student at the University of Wisconsin in the new field of agricultural economics. This decision to study at Wisconsin (he was actually on his way to Cornell), was one more of what Henry Erdman calls a fork in the road. As a result of taking that fork, in preference to others, he set upon his life's work and his distinguished career.

At Wisconsin he studied under the pioneers in agricultural economics Benjamin Hibbard and Henry Taylor, learned general economic theory and research methods from Richard T. Ely, and had classes with such important scholars as William Scott and John R. Commons. Many of the faculty as well as his fellow graduate students became leaders in the field of agricultural economics.

Continuing his interest and education in dairying, he took a course in the dairy department (outside the department of agricultural economics) and as a result, in 1917, wrote his first bulletin, The Marketing of Wisconsin Milk, in collaboration with Benjamin Hibbard. Later he made this the subject of a Ph.D. thesis, obtained from Wisconsin in 1920, and expanded it into the book which was published in 1921, The Marketing of Whole Milk. Joseph C. Knapp says of this work that it "long served as a model in agricultural marketing analysis."





His career as a teacher, researcher, and writer in agricultural economics was by then assured. He taught at Ohio State University from 1917-1920, also studying, writing, and talking to farmers about the grain elevator, continuing his interest in the milk industry, researching the feasibility of a parcel post system to the farmer, and beginning his lifelong habit of visiting the produce markets in order to learn, at the source, the nature of their operations.

Except for the year 1921 when he took a leave of absence from Ohio to join Henry Taylor in Washington, D.C. as the head of the Cost of Marketing Division of the Bureau of Markets he has been teaching--his major career choice. And except for those three years at Ohio State, all of his teaching has been done on the Berkeley campus of the University of California.

Here he came in 1922 to become a member of the staff of the Division of Rural Institutions. California, also, held great promise to him as a place to study, at first hand, the pioneering development of the agricultural cooperatives, a subject in which, even then, he had a keen interest.

In 1922 the Division of Rural Institutions had four teachers. It was part of the College of Agriculture whose staff was uncertain of its place in the conflict between the adherents of practical farming on the one hand, and the application of scholarship to agriculture on the other.

During these fifty years the College of Agriculture took its place within the academic community, and its diverse curriculum has reflected concern with the problems resulting from overabundant harvests, declining farm populations, depressions, wars, and unparalleled technological changes, as well as interest in scientific agriculture, animal husbandry, and other subjects commonly connected with education in agriculture.

The Division of Rural Institutions itself, after several intermediate steps, became part of the Department of Agricultural Economics which was established in 1926, and was aligned in 1928 with the Giannini Foundation. For a few years Dr. Erdman served as chairman of the Division of Rural Institutions, Department of Agricultural Economics. During this time he was active in selecting faculty for Davis and Berkeley campuses and in developing curriculum for the nascent discipline of agricultural economics.

Agriculture within this half century has been a major concern of America's social scientists. They have debated the



problems, theorized on solutions, and exchanged their developing philosophies often heatedly among themselves, and with the politicians and farmers. They helped develop the various agricultural policies tried out in the decades from 1920-1960. It was the arena of concern and conflict then, as are urban affairs and race relations today.

Henry Erdman participated in this ferment. He taught a course on the principals of marketing agricultural products and one on cooperative marketing. He continued his on-the-spot market research in the early hours of the morning in produce centers around the state and the nation, gathering material by means of direct observation for his class lectures and for his book American Produce Markets, published in 1928. Once each semester, at the break of dawn, he led his students in marketing classes on field trips in order to make meaningful what they had been studying through books and lectures.

Many of his students have gone on to prominence in agricultural economics. Harry Wellman and George Mehren are two who gratefully acknowledge a debt to him. He is considered a stimulating person to be with, and a teacher interested in his subject and his students. Dr. Erdman modestly refuses any credit for the success of his students, claiming that he has learned as much from them as they from him.

In addition to his teaching, Professor Erdman has carried on a considerable amount of research and writing, bringing to this task first hand observation, painstaking study, and what George Mehren considers an intuitive ability to pose and answer difficult questions. While in Washington he had become familiar with the new concepts of agricultural research, and thus he encouraged development in Berkeley of the first outlook studies on California crops. Later, dissatisfied with this line of endeavor because he did not think it was as effective as it should have been in helping farmers plan production and accommodate themselves to the conditions of the market, he pioneered in the use of farm management studies, using what has been termed the budget approach. This was favored by Howard Tolley who became the director of the Giannini Foundation in 1931.

A prodigious amount of time has gone into all of this research because Dr. Erdman does not readily accept secondhand reports, and also because he tends to become deeply involved in studying offshoots of the main question. These traits however, have been of great value to the department. His collection, dating from his earliest years on the faculty, of the reports of agencies throughout the United States doing



market research, enabled him to provide the Giannini Foundation Library, when it was established, with a priceless collection of the early publications in one specialized aspect of agricultural economics. His collection of 3 x 5 cards which succinctly index almost every article written on California specialty crops from 1878 to 1939 is invaluable research material, soon to be housed in The Bancroft Library.

Because he takes such a broad and historical approach to problems, and because he is never satisfied that a study is completed until he has considered all the factors, Professor Erdman is skeptical of solutions which purport to be definitive. He believes strongly that there are no permanent long range solutions, that there are inexorable pressures toward an equilibrium. Ultimately, he has long claimed, any benefits which accrue to one group as a result of certain actions, will tend to disappear, to be diffused among the other principals in the economy, as they follow what seems to be a profitable approach. Thus new problems will surface, demanding new study and solutions. There is no status quo, no utopia in Henry Erdman's economic theories.

Because he has seen and understood both, or even the several sides of a controversy, his writing and lecturing have always tended to be balanced. He has tried to show what course of action would be preferable, considering all factors. Yet, occasionally, the forces of his intellectual integrity have compelled him to speak out and write articles attacking some of the shibboleths of the day: agricultural fundamentalism, "farm chemurgic", the parity index, Rochdale Principles as a determinant of success or failure of cooperative enterprises, and even the notion of cooperative associations themselves as a panacea for the ills of the market.

Since retiring from active work on the faculty to emeritus status in 1952, he has continued to be occupied with research and writing, spending most of his time on his favorite topic--cooperative marketing. Revolving Finance in Agricultural Cooperatives published in 1965 in collaboration with Grace Larsen was the result of many years of writing on the subject of cooperative financing. Today he is absorbed in writing a book on the history of agricultural cooperatives in California. This is taking much longer to finish than he had expected, mainly because he has been diverted by a fascinating tangent on the history of the state's poultry industry.

Dr. Erdman looks like the scholar he is. He has sparse white hair, is tall and slim, and walks with an erect bearing which belies his 86 years. Dressing in the style reminiscent





of the formality of the turn of the century, in a dark suit, white starched shirt, with dark tie and cufflinks, and wearing rimless hexagonal glasses, he probably looks much as he always has as he goes daily to work in his large office in Giannini Hall.

One of the major facts about him which does not show up in this study because there is no way to capture it on tape is his quick wit, and the twinkle in his eyes. Readers must keep the wry humor in mind in order to understand fully the essence of the man.

His colleagues were correct in insisting that Henry Erdman tell his own story. As could be expected the oral history has only scratched the surface.

Malca Chall  
Interviewer

17 February 1971  
Regional Oral History Office  
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## INTERVIEW HISTORY

The memoirs of Henry Ernest Erdman, Professor of Agricultural Economics, Emeritus, is one of a number of interviews related to agriculture and resources management which have been completed by the Regional Oral History Office.

The Regional Oral History Office was established to tape record autobiographical interviews with persons prominent in recent California history. Headed by Willa Baum, the Office is under the administrative supervision of the Director of The Bancroft Library.

This interview was made possible by a grant from the Giannini Foundation in January 1969.

### Research and Planning:

On February 4, 1969, Dr. Erdman and the interviewer held the first of three conferences (February 14, March 17) to outline the scope and pace of what was expected to be at least ten taping sessions.

The interviewer also did research in the Giannini and Agriculture libraries, reading many of Dr. Erdman's publications, and other material relating to the history of agriculture. Additional background was provided in conferences with Grace Larsen, Harry Wellman, Murray Benedict, and George Alcorn, who gave generously of their time in order to enrich the interview of their much esteemed colleague. George Mehren met with Mrs. Baum in New York in the spring of 1969 and reminisced about his close friend and former teacher.

### Time and Setting of Interviews:

Ten interviews were taped on the following dates in Dr. Erdman's office, room 207 Giannini Hall, usually between 10 a.m. and noon. February 10, March 7, March 12, April 15, April 25, May 7, May 16, May 23, June 27, September 26, 1969.



Room 207 Giannini Hall has been Dr. Erdman's second home since 1930 when the building was completed. Immediately adjacent to the suite of rooms occupied by the director and his staff, it is actually two rooms--one small ante-room and Dr. Erdman's spacious office, the two separated by a glass-panelled wall. Both rooms are filled from floor to ceiling with the products of Dr. Erdman's meticulous research throughout the past fifty years: books, pamphlets, manuscripts, file boxes and cartons of three by five cards, papers and notes. Two desks, one large table and four chairs are also usually covered with papers, clippings, books--whatever Dr. Erdman and his colleague, Dr. Grace Larsen, need for their research at the time. It is the archetypal room of an historian.

Dr. Erdman's desk is in the far left hand corner of the room, next to the large window which faces the beautiful park-like grounds in front of Giannini Hall. During the year of the interview the quiet was disturbed by noise emanating from the construction of the new Moffitt Undergraduate Library. So absorbed were both the interviewer and Dr. Erdman, they were never aware of the many loud, harsh sounds which were clearly picked up by the tape recorder, making for occasional difficulty in transcribing.

#### Conduct of the Interviews:

Prior to each interview for which a new subject was discussed, Dr. Erdman received an outline of the material to be covered. Five outlines were used for the taping sessions since it often took two or more interviews to cover one topic.

Dr. Erdman did considerable research on the outline so that he was prepared to discuss the topics as thoroughly as the oral method allows. Either he wrote out what he wanted to say and read it in whole or in part, or he referred to notes written on standard tablets or on small scraps of paper (often on the backs of daily calendar sheets) which



he would have ready on his desk or in his pockets. Sometimes he felt irritated with himself for misplacing some reference.

He spoke with a strong voice throughout the interview, carefully developing the ideas he wanted to discuss.

Editing and  
Completion of  
Manuscript:

The transcribed tapes were edited by the interviewer who is also responsible for the arrangement, the chapter titles, and sub-headings. Although the interviews followed an outline, there was inevitably some overlapping of subject matter; some of the content has been rearranged in order to keep similar subjects together, and to delete occasional repetition. Dr. Erdman, however, rarely repeated a story unless it had particular relevance in the context in which it was being discussed. The edited manuscript was turned over to Dr. Erdman on November 16, 1969 so that he could edit, clarify, and make whatever other changes or corrections he thought necessary. Due to the long term illness and subsequent death of his wife Mary Adams Erdman (1910-1970), he was unable to complete the editing until the autumn of 1970.

Malca Chall  
Interviewer

17 February 1971  
Regional Oral History Office  
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## I CHILDHOOD AND EDUCATION, 1884-1914

### PARENTS

Chall: We can start with where you were born and what it was like in that part of the country while you were growing up.

Erdman: I was born November 6, 1884, in a little shanty about twelve miles north of the town of Armour, in what was then Dakota Territory. My grandfather Ernst Erdmann had brought his family to the United States from Germany in 1873 when father [Gustav] was fourteen. Father at that time had what he told me was about a fourth grade education and never went to school after he got to this country but learned to read newspapers. He had learned at school what he called "Lateinische buchstaben"--the Latin letters.

Chall: Did he read German?

Erdman: Oh, yes. In fact he had the European notion that one should be bilingual or multilingual. So, although he and mother spoke English to each other and to their brothers and sisters when they came around, they spoke German to their parents, and always required us to speak German to our parents and grandparents. By the time we got to school we were bilingual, because some of the neighbors' kids spoke English, and we would hear the parents talk English to each other. We grew up bilingual.

Chall: Your parents did this deliberately?

Erdman: My father--I heard him explain later after I got old enough to comprehend--that, "It would cost them money sometime if they ever want to learn it in school." He



Erdman: knew that in Germany people learned English when they went away to school.

Grandfather, a shoemaker by trade, worked in Buffalo for a number of years. In 1877 he brought the family to Dakota Territory and rented a farm near Yankton which was then at the end of the railroad line.

In 1882 they moved again. Father, by that time was old enough to take up land, so father and my grandfather went some seventy-five miles farther west and took up adjoining homesteads and timber claims. That gave them 320 acres each. As quickly as they could they built a sod hut on each place, usually a one or two-room affair. A yoke of oxen pulling a plow over the lush prairie left a ribbon of sod which could be cut into hunks much like the adobe bricks of our Southwest. These made good building material. I recall seeing the mounds of earth where my father's sod house had stood.

In a year or two the railroad line had been built through to Armour about twelve miles south of father's claim. From there he hauled the lumber needed to build the one-room shanty in which I lived nine years. The "barn" that was built for the cattle and horses was used until I was old enough to help to clear it away in 1901 to make room for the one which stands there today.

The walls of the original barn were unique; they were made of poles set up to make a crate-like framework which was filled with ordinary straw to make a wall about two feet thick. It was re-filled as the straw settled. The roof was of poles or narrow boards covered or thatched with slough hay.

Chall: Slough hay?

Erdman: That's long grass cut in a slough or in the creeks. It would be three or four feet long and would make good thatching. Anyhow that was the method.

My mother's parents also were of German stock. Grandfather Heinrich Stuempges came from Westphalia where he had learned silk weaving as a trade. The family came to the United States in 1849, settling in Wisconsin where grandfather and a brother operated a lumber mill. In 1856 he married Anna Katrina Rosenmeier, also from Westphalia. In 1861 the couple moved to a farm in Iowa, then in 1879 across the river



Erdman: to near where my father's family was living. In the fall of 1882 a neighbor [Fred Seiser] and his wife were going "West" to "take up land." They suggested that mother go with them and take up a claim near them. She went. Then it turned out that the Seiser claim adjoined my father's, and mother's adjoined Seiser's. Father was soon plowing sod for mother's hut--she had to live on the claim for a year in order to obtain title to it. They were married February 13, 1884.

Chall: Oh, I see. She hadn't started out all on her own.

Erdman: No, no. They looked after her. She stayed with them some, even though supposedly "living" on her claim. I well remember father's old shanty which I revisited in the mid-twenties. I remember that in 1893 a new house was built--revisited in 1968--now occupied by the present owners. I also have vivid recollections of the next year, the 1894 season; it was so dry and the crop was so small that although father had planted nearly a hundred acres of wheat the harvest yielded less than a hundred bushels--less than the seed he had sown. That Christmas was a skimpy one--an apple and a bit of candy for each of us. But we had plenty of food--eggs, milk, meat (chickens, beef, pork) wheat and corn bread, potatoes.

Chall: Have you any idea how old your parents were when they married?

Erdman: Father about twenty-four and a half and mother about two years younger.

### LIFE IN DAKOTA TERRITORY

Erdman: I spoke of this being a treeless area in which they settled. Father and grandfather had decided that they should be near water first of all, so they picked out tracts that straddled a couple of creeks, and it proved to be lucky too. In both cases they had plenty of water although in my father's case the distance to a good water supply was at least a quarter of a mile from the buildings. But finally, some fifteen years later, a well was drilled near the barn some two hundred feet deep.



## Fuel

Erdman: The fuel that was used has struck me as interesting. The earliest fuel that I can recall was this slough hay. Father would bring in a big armful of it and pile it up in the corner, and then he'd sit there beside the stove and fold it in bundles, about the size of a man's forearm, and wrap it up with itself--tie a knot so to speak in a piece of hay--and he'd put that in the two-hole burner of the kitchen stove. You had to be around there all the time to replenish it, but it filled the need.

Then a later development: the early money crop on newly plowed prairie sod was flax which yielded well and brought a good price. And flax straw burned with a lot of heat. Somebody had developed a flax straw burner. It was a device about like the oval wash boilers women used to have that would just cover the two holes of the front burners. This burner was just about double the depth of the ordinary wash boiler, say thirty or maybe forty inches in height. You'd jam it full of flax straw and then tip it upside down over the stove and light the thing from the bottom in the stove. Then as it burned, you'd jiggle it a little bit and the straw would settle down into the fire and give you quite a long fire for one filling.

Chall: Ingenious. That must have taken several husky men though to fill that up and then flip it over.

Erdman: Oh, no. One of those straw burners the size of the two-hole burner, you see, is about twenty-four inches by ten inches, and nearly three feet deep, made of metal about the weight of an ordinary dish pan, and an ordinary woman could easily lift that up and put it on the stove.

Chall: Pick it up and turn it over?

Erdman: Yes. Anyhow, the women were stronger those days.

Chall: They must have been.

Erdman: Well then the next fuel was corn cobs. We shortly got to raising corn, and that was the best fuel and what we always depended on--corn cobs. A little newspaper or a little hay or anything like that, or a few corn silks would serve as kindling, and you could put them





Erdman: into the stove easily.

And then finally after we moved into the new house [fall of 1893] and times got a little better, we had an anthracite coal burner, one of these with perpetual fire. You put a couple of buckets of coal in at the top at night, and then all you'd do the next twenty-four hours was shake the ashes down, and the coal would settle down onto the fire, and that would keep going after we once started it. When the first snowstorm came there it was in the dining-living room. In the kitchen the "cook stove" kept that room warm.

### Food

Erdman: Then another thing that has seemed interesting as I recalled those days was the food. I don't know just how much these pioneers did suffer from want of food in the very earliest days, because they certainly didn't have much; many came into the area too late for them to raise anything that fall. As I said a moment ago, there was always food in my day. We had first of all milk, butter, cottage cheese and buttermilk; clabbered sour milk was a big element in the diet.

The milk from the cows was set in shallow pans or in bowls so you could skim it with a little skimmer after it had been standing for a couple of days in the cellar. This was an outdoor cellar--the storm shelter sort of thing. The clabbered milk was delightful to eat with a little sugar on it. And then of course there was cottage cheese, and the milk itself was used as a drink and made good soup in the evenings. I remember a big bowl of soup would be put on the table, any kind of soup; it could be whatever you wanted to put into the soup, noodles, dried corn, etc. We had eight children to feed, you see.

Well, anyhow, the second thing was eggs and chickens. I didn't know until I was pretty well grown up that one could sell chickens, but we always sold eggs. Mother always had several hundred chickens each fall. All through the winter I'd go and get a rooster or a couple, chop off their heads and bring them in, usually as my last Saturday chore.



Chall: And that would be dinner.

Erdman: Yes. From the time my recollections start we always had home slaughtered pork--fresh for a few days, then preserved in five gallon jars in its own lard (fried).

Well, anyhow, I was telling a friend not long ago when we were talking about the old time food problem: all this discussion of heart trouble from eating too many eggs now puzzles me. I don't think in all those years while I was growing up that I ever had a breakfast without eggs and maybe eggs at dinnertime too, boiled eggs or eggs in some form.

Chall: It was a mainstay of the diet then?

Erdman: It was--well, along with some meat. We always had pork and beef and sometimes mutton. We always had hogs. That was one of the mainstays--main income sources. Haul hogs to town instead of corn. We always had cows and always made arrangements to have one to slaughter as soon as the cold weather came. A neighbor or my grandfather would help father slaughter a cow, and after it was skinned and dressed we'd have it hung on a ladder that was tall enough so that when you used a pulley to pull the animal up as high as you could, it'd be out of reach of any possible dogs or coyotes that might come around. And that night it would freeze solid, because we'd do this after the first severe weather hit. And then we'd saw it into fore and hind quarters and carry it into the granary and it'd stay frozen all winter in there.

Chall: So you had frozen meat all the time.

Erdman: Well, then when my mother sent me out to get a chunk of meat she might tell me a little about where to cut, but not much. I've often wondered what I did bring in, but whatever I brought in she'd fix it up--boil it, mostly boiling.

And the hogs--that was a different matter. Those were usually slaughtered just before we were having a thrashing crew to feed, although sometimes we'd buy a lot of meat or buy a sheep from some neighbor. But more often we'd slaughter a hog. But we'd do that almost anytime in the summer or winter. And there, after the hog was slaughtered and part of it brought to the house, mother would just spend a couple of days frying everything. I often wonder how they cut it up,



- Erdman: but I can't remember now. But they'd fry it and then pack it in the hot lard in the cellar. And it would keep. You'd dig it out of the lard then, out of its own fat.
- Chall: So that was the way it was preserved.
- Erdman: She'd put it in this scalding hot fat and pour fat over it, and that seemed to preserve it just in the ordinary cellar. And I don't remember ever getting stale pork. I do remember getting stale butter sometimes, but never stale pork. But it was always there.
- Chall: And she could go in and take whatever she wanted out of this barrel of...
- Erdman: Usually it was these five gallon crocks, five gallon big stone jars.
- Chall: How did you get the pork out? The lard had congealed by this time, and then you'd have to dig it out somehow.
- Erdman: She must have used a fork. But I know that she packed it that way. And some parts of the hog, the trimmings and such things from parts would be made into sausage, and the liver would be handled in some way, and so on.
- Chall: And your mother did all this herself?
- Erdman: Well, she, and after she had some girls big enough to help, they helped with the housework; but at first she did it all herself--sometimes with the help of grandmother or a maiden aunt.
- Chall: She knew herself how to take care of the different kinds of meat and all of this?
- Erdman: If she didn't know, grandmother or a neighbor would tell her. It was done that way. Anyhow, my mother had grown up on a farm.
- Chall: Did they bring this skill with them from Germany? Did they own a farm there?
- Erdman: No, because you see my grandfather, as I said earlier, was a cobbler, a shoemaker, and worked at that in Buffalo. But he had been farming some five years before he took up land and was not too old to learn such a necessary skill. One of the neighbors [Fred Seiser] used to come over and I don't suppose you'd have to show one of these people very often how to



Erdman: slaughter an animal before they could do it themselves. They did a lot of little things themselves.

Then one other thing: wheat flour, and corn meal was a staple part of the diet for bread, biscuits, pancakes, coffee cake and so forth. Buckwheat flour was available at country stores. But corn meal--I think dad would buy a bag of that at the country mill. As to wheat flour--it was a staple at the stores, and at first had to be purchased. After a flour mill had been established at Armour, each fall father would take in a load of wheat and exchange it for flour on some basis. In my later days as a boy there I remember carrying these fifty pound sacks upstairs to a spare room where we'd store them.

Chall: And then little by little it would disappear through the winter.

Erdman: That's right. And then there was garden produce. That was the sixth item I had down here--garden products. There was fresh and dried corn. The first one that comes to mind--we'd go out and get ear corn. We'd just gorge on the ear corn from a field right close to the place. Then part of the time I can recall there'd be a small part of this field that would be planted to sweet corn instead of the ordinary corn, but either one would do.

We'd plant some variety of sweet corn, and then when the corn reached the best stage, mother would have me get wheelbarrows full, bring them home, and then she and the girls would cut the kernels off the cobs with a knife, spread them on cheesecloth out in the sun and cover them with more cheesecloth to keep the flies off, and dry it out thoroughly.

Then I remember the bags of that dried kernel corn hung up in that spare room upstairs to keep it away from any mouse that could possibly get in. And it would hang there all winter, and again you'd go up and get what you wanted of it and have a supply in the kitchen if you needed it. That would make corn soup, or it would give you a dish which was very much like the kernel corn you buy in a can now. She'd soak it overnight, let us say, and it'd come out just like our modern "whole kernel" corn. And one of the favorite ways was to make a milk soup.

Chall: Creamed corn soup.





Erdman: Creamed corn soup is what it would be, yes. It would be whole milk, you see, and it was rich.

Chall: Well, you all ate well, but your parents and the rest of you must have worked very hard to keep all this going.

Erdman: Well, this whole thing--you lived to eat, that's the first thing you did, I guess. Anyhow, then we had a fairly good-sized garden with a few fruit trees. We had one crabapple tree; we had one regular apple tree that I don't think ever bore an apple, I don't know why not. We had some gooseberry bushes, some currant bushes, a row of mulberry trees, and several varieties of plum trees.

I remember mother making vast quantities of plum jelly and plum sauce and gooseberry jam. Along the same line, ground cherries, you know them? They're the little bush that looks like a tomato bush. I've seen them around here, not very often, but they have a berry in a husk. It is a delicious berry. Well anyhow, that was another thing. Mother would can every imaginable thing, and she would make some delicious watermelon rind pickles.

Chall: You mean you grew watermelon too in the summer?

Erdman: Sure. We would plant some of them out in the cornfield, so they'd come up just about the time we were through with the last cultivation before the corn got too tall, and they and the pumpkins and squash got along well together in the cornfield not too far away from home.

Chall: I see. Well, your mother was a busy woman, making use of everything that grew.

Erdman: That's right. Then another deal. As wintertime was coming, one of the jobs that she always had for me after I got old enough was to store vegetables for the winter. Just before the first threat of an early snow storm we'd dig up the carrots, beets, turnips, and rutabagas, and carry them into the cellar. Then we'd get a lot of garden dirt, whole wheelbarrows full, and carry that down into the cellar, and bed the vegetables down in layers of dirt so they'd be all separated. Then you'd dig them out of the dirt in the winter as needed, and if any of them spoiled it wouldn't spread. That gave you a supply of fresh vegetables.



Erdman: Of course you couldn't take care of some of the green stuff. So the very first thing that would come up in the spring, as soon as you could get a patch in the garden you'd get some fresh lettuce.

### Exchanging Goods in Town

Chall: It must have tasted good.

Erdman: It did. And then finally, store goods, mostly obtained in trade at the weekly shopping trip, sometimes less often than weekly. But anyhow, we'd take in what eggs we hadn't eaten and the home churned butter. They'd be worth one price in trade, a little less in cash.

So if, as was sometimes the case in the summer when there was plenty of butter and lots of eggs, she didn't need all the proceeds for groceries, she would get a "due bill"--good later. And sometimes these due bills would "circulate"; you could go to the drug store and buy something with them and the druggist then would get his groceries from this grocer.

Chall: A fine rate of exchange. I'm sure that your mother must have needed quite a bit of sugar. That's the only thing I can see that she would have needed for the household.

Erdman: Well, sugar, yes. And there are a few things like baking powder, vinegar, kerosene for our lamps.

Chall: And yeast?

Erdman: And yeast, yes. There were just a few things like that--pepper and salt. I was going to say coffee, but when times were hard we made Postum. Made our own out of roasted wheat or barley. And whatever they did, to me it tasted just like what we later on bought when Postum came out. In fact much of the time instead of buying this they'd make it themselves until they got back to coffee.

Chall: What about chocolate? Did you have hot chocolate or cocoa or anything of this kind?

Erdman: No, that was too expensive.



Clothing

Chall: Clothing you would need.

Erdman: Well, clothing, it was all bought by the yard at the same general merchandise store.

Chall: I see, material.

Erdman: Mother had a sewing machine, and she'd make clothes for the family. Both mother and my grandmother were always knitting. They had a spinning wheel, and we usually kept a few sheep for wool and mutton. No time was wasted.

Chall: No, none that I can see. And in the cold winter when you couldn't do much outside then I suppose they'd spin and knit and make clothing.

Erdman: Yes. You'd knit while you were talking.

Chall: Oh yes, you could do that. Did they weave at all?

Erdman: No. We never had any weaving equipment, and I never saw any around in those days.

Chall: I don't want to interrupt you, but at this point it occurs to me that it is interesting that your grandfather, who was a cobbler by trade and had come over here as a cobbler, would want to go into the Territory and take up farming with his sons. There must have been another son besides your father.

Erdman: There were three other sons, and two daughters.

Chall: And did they all come to the Dakota Territory together?

Erdman: They all came, yes. But that was characteristic. This was a German community. But I suspect that more of the neighbors were native farmers from Germany, but not necessarily. It was common for every boy to have a trade. A farm boy of course wouldn't.

Chall: But your grandfather had not been a farm boy?

Erdman: I don't know about that. He had been a shoemaker by trade--that's all I ever heard.



### Early Farming Practices

Chall: This was the opportunity that many of them were seeking in coming to the United States, I guess.

Erdman: The main thing was to get the free land. Farming was so simple those days. You had to live on the land for a time, and on a "tree claim" plant and care for ten acres of trees. I don't know just how they managed it, but in the Eastern corner of the Territory where they first settled, they rented some land. Then they wouldn't need much in the way of equipment except a yoke of oxen, and they might rent them or work for a neighbor and get the neighbor to help plough the ground. And they could seed the stuff by hand and rake it in with an ordinary harrow the oxen could pull, a field harrow. Anyhow, when they moved to this area where I grew up, they had the yoke of oxen at least and I think at that time a team of little mules. I used to see them as a growing boy.

Chall: So as you say there wasn't much capital equipment involved. And the land they got really from the government.

Erdman: Yes, right.

Chall: So that it was subsistence in a sense.

Erdman: That's right. Well, what I was outlining here that has always interested me was how well you could eat under these circumstances. This wheat wouldn't bring much if you took it to the town, but you could eat an awful lot out of one wagon load.

Chall: And whatever you had left over of anything you could always take into town and get a due bill on it, so it was a matter of barter.

Erdman: That's right. Well, you take it in if you had more than you wanted to eat at the time, yes, and get a due bill on it.





Educating the Children

Chall: There were eight children, I understand. How were you all divided into boys and girls, and how were you educated?

Erdman: Well, there were five sisters and two brothers. The one sister was about fifteen months younger than I, and so we started to school at the same time. I was little over six; she was a little under. So we were together in school practically all the time, shared the same desk in this little one room school in which there were never less than ten or twelve kids but never more than twenty all the while I was there.

Chall: They must have been mostly from just a couple of families.

Erdman: Well, they were from several families. See, there was my family and one, two, three, four other families, of which varying numbers came at any given time. The school was half a mile away from our place, so we walked.

We went to school in a humdrum fashion, I should say, more or less, until my sister and I graduated from the eighth grade. That year we had the first teacher that was really inspiring to me: a chap named Archie Small, a young man who had recently graduated from Ward Academy some forty miles away. His parents had been teachers, I think, on an Indian reservation not far from there, the Rosebud Indian Reservation. And this was still in the Indian days. There were no more battles that I can remember at all, but the Indians were still around.

Chall: There were Indians.

Erdman: Yes.

Chall: And you lived separate lives?

Erdman: Oh yes. They were on the reservation. Well anyhow, this teacher took my sister Emma and me in hand and urged us by all means to get ready for the eighth grade examination which had to be taken at the county seat twelve miles away in June, and then by all means to go to the academy. There was no other high school around



Erdman: that we could go to. That was the place that he was plugging for and gave us the idea, both of us, of going that far if we could.

Well, my sister went, but just before we would have gone for the winter quarter of the school session my father went to bed with rheumatism. So I had to stay home that year and run the farm, so to speak--whatever chores there were to do, and haul stuff to town and what not.

All the while going through school I had never gone when school first opened. I'd go as soon as the corn was husked, and leave as soon as the weather cleared up so we could start work in the fields in spring. So that meant short terms. So graduation from eighth grade was after I was nearly eighteen, which was late by comparison with these days. Well then instead of going right to school, I stayed home and she went to Ward Academy. She taught school a couple of years and then dropped out to finish her schooling at Springfield Normal School. I was at home for two winters.

Incidentally, I got a little experience with a cooperative in those days. My father had gone to an auction that fall before he became sick and had come home with two nice three year old mares, black Percherons, and unfortunately for him maybe, or fortunately, some promoter came by while he was shut up with rheumatism and offered him shares in a stallion company they were organizing. The promoters had imported a French stallion named Pour quo pas--I never knew what that meant, but I guess it means the equivalent of "So What." Anyhow, to raise the necessary \$7000 they organized a company by selling stock to some twenty-eight farmers at \$250 per share.

Apparently the company that was importing these stallions and organizing farm companies to buy them, imported also the idea of artificial insemination which some years later became so important in the dairy cattle industry. The farmers' company went broke because the members got to squabbling about how the horse should be handled and whether the livery barn operator who boarded and cared for "Porky" was doing a good job. So they sold the horse. But in the meantime we had a number of awfully nice colts, and that's what dad wanted in the first place, to sell or drive. But it was an experience in cooperation.



Chall: And its pitfalls.

Erdman: Its pitfalls, yes. Well anyhow, the other brothers and sisters--the second sister, Mary, married a farmer boy and lived in the home community. She's still living, although she's had a heart attack now. Then came another sister, Lena, who was also a teacher and went to school part of the time with the older sister, Emma, and who also finished, I think, at Springfield Normal. She was teaching school in a country school for a number of years, and then took a business course and obtained a job in a motor equipment company in Mitchell, where the family lived at that time. Later on she bought shares in the company. I thought at the time that the operators "had taken the girl for a ride," but it worked out differently. She became manager. She's still nominally manager though now retired.

Chall: She was an enterprising girl though, for those days, to go into business.

Erdman: She was. She's the quietest one in the family.

Chall: I imagine it was a shock to your parents to have their daughter go off into a business world instead of teaching or staying home.

Erdman: No, dad was very proud to see her do it. He thought it was a good idea. Well anyhow, the brother, Gilbert, went to farming but gave that up for the garage business. Incidentally, he's the only one now who is really out of business. He had a bad stroke about two years ago. Then the younger brother, Elmer, fooled around trying his hand at one thing or another. He tried accounting, then decided to go into sales work, then turned to photography, and taking pictures for a company that made school pictures. He met a gal that was doing the same thing, and married her.

Chall: Still in the same business?

Erdman: Yes. After a few years he established a photograph finishing place in Chicago to finish and distribute school pictures taken by a crew of his own. [All States Photo Company] They've been doing very well.

Chall: That's an interesting departure from farming.

Erdman: Yes. Well, it is.



- Chall: Did any of the members of the family stay on the farm or close to the farm? Did any of the girls?
- Erdman: No. Oh, one sister, Mary, the second daughter, married a neighboring farm boy and they're still living on the same old place on which they raised their family. But the rest of them all moved out.
- Chall: Did most of them leave the Dakota area too?
- Erdman: No. Most of them are still there. Emma and Hulda, both widows now, are still in South Dakota. So is Lena. And the youngest one, Celia, happens to be visiting in California at the present time. She was with us for a few days not long ago. Her children are all in California though.
- Chall: I see. They've more or less scattered away from where you all grew up.
- Erdman: Scattered, yes. My brothers--one is in Chicago, and the sick one is in Mitchell, South Dakota, now.
- Chall: Even though you came away from it, you probably stayed closer to agriculture than any of them.
- Erdman: I have, yes.

### Religious Training

- Chall: What about the religious background in your family?
- Erdman: Well, my mother's parents were what mother used to talk about as Evangelical. I don't know what that was. Father's family was Lutheran. Father was mostly an agnostic who let mother do the religionizing for the family. She took us children to the local school-house where they usually, after I was old enough to remember and go, had a preacher who came once every week or two from Armour to preach on Sunday afternoon.
- Chall: A Sunday sermon?
- Erdman: Yes, he'd preach a Sunday sermon. So we had a little church congregation of some sort--Methodist or United Brethern, and I remember once a so-called Christian minister.





Chall: But it was partly haphazard. The formal part of religion then was not consistent because it wasn't available.

Erdman: Yes. We children used to go--when Grandfather Erdmann was still alive--to Christmas services in the Lutheran Church which he and grandmother attended.

Chall: A distance away?

Erdman: Oh, about four miles away.

Chall: Did anybody read the Bible to you? Was this part of your training? In some areas I understand it was.

Erdman: Oh, you'd get that in Sunday schools, and later on I'd get some by reading myself. I had my own Bible--got it from Montgomery Ward, if I remember right. We ordered lots of things that way. Montgomery Ward or Sears Roebuck.

### Chores

Erdman: Well, now I would like to comment on chores as a part of farm life. I, as a farm boy, of course, had a lot of chores to do, meaning the light daily work of the household or farm. I have a feeling that doing chores on a family farm develops industrious habits. But it can be obnoxiously boring. I always had to do little things like getting the mail. The first thing I can remember about that was--I must have been ten years old--I'd walk a mile and a half to get the mail once a week at the little post office called Beulah. I was working in the field, running a plow or a cultivator by the time I was twelve. I had chores of my own, or I'd help father or mother with their chores.

Chall: You must have taken care of the chickens and brought in the eggs.

Erdman: Well, the chickens weren't important as a chore. But during most of our farming career in which I took part we'd have something in the nature of forty head of cattle, with maybe half a dozen cows to be milked. During the summer mother or one of the girls and I would milk them. In the winter time it would be my job when there would only be maybe three or four to



Erdman: milk, and I'd do other chores before and after school and on Saturdays.

The last year--maybe that's one reason I liked teacher Archie Small--he paid me five cents a morning for building the fire and sweeping the floor. That also gave me an excuse to get my chores done early and be off to school without having additional jobs assigned. That way I'd get to school in time to get the fire started and be able to play Four Old Cat (a four party baseball game) for a few minutes before school.

Chall: Did you have much time to play during the time when you had to plow and then get things in the ground? Was there much time for you to relax and play? And if you did, with whom?

Erdman: Well, I always found the time. Gilbert and I often played catch. I recall the sense of accomplishment when I learned to throw curves. When I was about eighteen father bought an organ, and my oldest sister and I took lessons on that for one winter. The organ stood in the parlor, which was seldom used except when there was company or on Sundays. I'd build a fire in the parlor on the winter evenings and practice on the organ. I also had a corner rigged up with a little desk which we'd ordered from Montgomery Ward on one occasion--one of those combinations of bookshelf and folding desk. I'd go in, after supper, and stay until bedtime.

I prized that hour or two. I'd go in there and work on all sorts of stuff. Shorthand, elementary botany, and one summer a German textbook--got credit by examination for two semesters of German that way. Part of the time, after I'd gotten a little farther along--this was during vacations after I had started to college--I'd work on plans for running a farm if I ever got around to it. In retrospect, I was using the budget approach, a sort of precursor of linear programming.



## HUMBOLDT COLLEGE: BUSINESS COURSE

Erdman: Well, to get back to education; I stayed home these two winters--part of them at least--until Christmas. I talked my dad into the idea that I should go to a little college in Iowa that I had spotted--Humboldt College--a business college which offered a law course which I wanted to take. I showed dad the catalogue and told him I'd like to go and take this law course that I could finish in three years without having had first any high school preparation. He read that, spent all Sunday afternoon as I remember it, and then that evening told me that he noticed they had a nine months business course. He said, "If you want to take that, I'll pay your expenses, and you can start next week. Then you can be back in time to help with the harvest next summer."

I was just twenty then. Anyhow, I thought quickly. I thought, "If I can't take the law (and he apparently wouldn't have cared to argue, and I didn't want to argue with him about it), this business course would be all to the good. I could then earn something myself with the business training." So I agreed to go.

I was soon busy with the business course. I made it a point to get acquainted with the young men studying law. I didn't appreciate them particularly as the kind of citizens that I thought would make good public servants in later years if they got to be lawyers.

Chall: Oh, you were thinking in terms of being president of the United States?

Erdman: Yes, in a sense, though not really; yet every American boy has that chance and I remember thinking of these as not very high caliber men.

Anyhow, then I'd go to the library--I was an inveterate reader I guess--and went to reading legal magazines. I found admonition after admonition, "Don't be a pettifogging lawyer. The legal business is very, very crowded, and it's always a temptation to take measly little cases and that doesn't get you anywhere in the long run."

But I happened also to read something about the then-emerging interest in country life and the new



Erdman: scientific agriculture. So I got to thinking, "Well, why go into law? Why not go home, go on to the agricultural college and make farm life beautiful." As they did in the stories, you know. Anyhow, while I was pondering, another influential man crossed my path. I've often wondered whatever became of him--a man named O.B. Stout. I remember the name, but I've never run across it anywhere again.

Chall: At the business school, in Humboldt?

Erdman: Yes. He spoke at convocation one morning on the value of a college education. He based his talk on the analysis in Who's Who in America which indicated that a large proportion of the persons there listed had college degrees, very many of them advanced degrees, and an extremely small percentage only an eighth grade education. That impressed me. I decided that I would really get a college education if it was that important in one's success.

I got none of the notion that actually the figures are distorted by the fact that the people from well-to-do homes often have a genetic advantage and that lady luck also plays a part.

Anyhow, that was to stand me in good stead when dad suggested later on that I didn't need any more education. A banker offered, for example, to take me into the bank where dad did his business and let me learn the banking business.

Chall: That's after you had had your one year in Humboldt?

Erdman: Yes. And dad told me how well this man was being paid, and that he had less education than I had then. And that was all true. So I cited some of these figures to him. Anyhow, he finally agreed to pay me hired man's wages to work when I came home on vacations, and lend me the additional money that I'd need but couldn't earn while at school. So, in December, 1906, I departed for Brookings to get an education and come back and be a farmer.





## SOUTH DAKOTA STATE COLLEGE OF AGRICULTURE

Chall: Brookings?

Erdman: Brookings, South Dakota. The South Dakota State Agricultural College.

Chall: You planned to go back to the farm at that stage to be an agriculturalist?

Erdman: Yes, a farmer. In fact, until I got to my senior year I was planning everything with the idea of going back to the farm. And it bothered me at the start to have to take all this preparatory stuff which included literature, algebra, and other stuff of that sort, and a little military. I thought I ought to include some kind of course that would make dad feel that I was learning something about farming. So I remember arguing my advisor into letting me take a junior course in livestock judging while I was a first year prep.

Chall: That's right, you hadn't even been in high school yet, had you?

Erdman: No. But anyhow, I argued them into letting me take that that year, and that meant I could talk about something I had learned there. Otherwise all I could do was to talk about the course in biology, which meant walks through a pasture to notice the flowers, the birds, and whatever was growing out there.

One assignment that made me feel particularly silly, at my age, taking a course with these young kids who were my fellow students: My teacher suggested we draw a picture of some bird, getting the coloring of it. And I decided I'd take the English sparrow, of which we had hundreds at home. But I thought, "Well, it is interesting to think they are different than other birds." I hadn't thought of it in that way before. So I cornered them and watched them and drew a picture. But I thought, "How silly dad would think me; while he was out there working his head off in the farm field, here I was sitting in this pasture drawing a picture of a sparrow."

Chall: Did it make you feel a little guilty?

Erdman: That's right, it did.



Chall: You were taking his money and drawing birds.

Erdman: But now about the schools and the courses that modern youngsters are making all the fuss about. The interest in the marvels of nature which the "irrelevant" courses aroused in me has been much more valuable to me in many ways, than any of the then supposedly "relevant" courses that I took. The same may be said of the courses in literature, history, and art.

But I've often thought of the pleasure this one professor got out of some of the language in some of the poems he'd have us study. Or another one who was interested in good English--he'd almost smack his lips after he'd read a paragraph of something he thought was particularly well-worded. Well, it stimulates an interest in a kid to try to do something more with it than he would otherwise have done, and it's something that stays with you.

And so even with a course in geology. I was interested to learn from that, let us say, that in the state in which I grew up, these mounds--these little hills we had--had names. Some of them were terminal moraines, and I'd run all over many of them all my growing days and never dreamed they were something that was geologically important. Geology was an interest that has stayed with me.

Chall: Did you feel stimulated too at the time? Of course you're looking back now and saying that it was important.

Erdman: Well, some of it was boring at the time because I had to learn an awful lot of the names. A later course in biology, or anatomy I guess they called it that, cutting up some soft-bodied sea animal that I don't recall now and studying its development from the embryo and so forth on up, and the notions of the relations to the human development were all brand-new ideas, you see. The long names for these various periods in the history of the Earth were boring things to try to learn.

Of course you come then to another thing that turned out to be an interesting fork in the road, and these forks in the road have been things that interested me. You don't recognize them when you see them, but they're there. This change from law to business and then to agriculture--every one of them is a fork in the



Erdman: road. You come to a place where if you had done the other, you'd be doing something else today than you are.

When I enrolled I thought I'd just get the things I needed to do my fancy farming. But in my junior year, I think it was, I had to decide on a major. Well, I hadn't thought of a major particularly, but now had to choose among animal husbandry, horticulture, agronomy, dairying, as I remember it offhand. Oh, and another one was soils. Some of my fellow students were majoring in those specialties and I had decided to select dairying for some reason or other. Partly I think I liked Professor Chris Larson who was head of the dairy department; also, dairying would be an important part of any farming I would do.

I found very quickly that when you select a major you take a lot of things you hadn't intended. I hadn't dreamed I was going to study bacteriology, but I needed to do so in my dairy course. Also dairy chemistry; I didn't care how milk was constituted, I just wanted to know how to produce it.

### Buttermaker

Erdman: But anyhow, I had to take dairy chemistry and of course butterfat testing, the operation of the Babcock tester, and had to learn how to make butter and cheese. Well, as a result of that training, I got a job during my last summer vacation at seventy-five dollars a month as buttermaker in a little creamery in Fort Pierre, South Dakota. You never head of the little place. It's right across the river from the capital of the state.

Then when I got back to school there was more dairy work, and by the time I graduated I had found that I was not going to be able to go back to the farm and began to think about what I would do. As no jobs showed up, I accepted one right at hand. Professor Larson offered me a research assistantship which would involve operation of the college creamery, and an opportunity to take some advanced work. They weren't really giving graduate work in the usual sense, but I took that. But shortly after I started, and just after the semester started, there came an opening in the state dairy inspection service and I soon found myself



Erdman: deputy state dairy inspector: visiting creameries, cream buying stations, and sources of city milk supplies.

Chall: That's for health reasons?

Erdman: Yes. Sanitation, and also to give examinations to applicants for cream tester's licenses. After about a year I decided that I didn't want to stay with that line of work--mainly law enforcement. I didn't want to be a police officer, so to speak. But I didn't know what else I wanted to do. I was at a fork in the road. Now it was either a matter of taking graduate work and becoming a specialist in butter or ice cream making in some dairy department, or perhaps getting permanent employment with some ice cream or dairy company.

#### UNIVERSITY OF WISCONSIN

Erdman: I got to thinking of the training I had gotten at college. I happened to run across some work on farm management being done by Cornell University, by Wisconsin, and University of Minnesota mainly, and it occurred to me that what was lacking in South Dakota and what might be a field that was better than anything else--a new field--would be in farm management. For South Dakota, it seemed to me that it was nonsense for people to say that you should be a specialist--that you should be a beef cattle man, or a dairy man, or a horticulturalist, when the most likely thing for most farmers would be a diversified farm.

And so I wrote to the several colleges for catalogues with the idea of taking graduate work. I couldn't get any catalogues from Wisconsin or Minnesota; from Cornell I did, and I liked what they were offering. So I resigned from my job at the end of August and arranged to visit at home a little bit and then go to Cornell. I decided however to route myself through Minnesota and Wisconsin to see what they were like. I stopped a day at each place.

At Minnesota I didn't see anybody that interested me. The man whom I had met before while on a trip with the dairy judging team was too busy to be bothered. But in Wisconsin I called up an old friend, whom I had





Erdman: known at Brookings [Professor Aaron Johnson], who was then a professor of plant pathology at Wisconsin, and who invited me to come out to the campus. He showed me the place, and by early afternoon he got me around to the agricultural economics department. Here I met Professor D. H. Otis, who was going to conduct a field course the next summer--was going to take his class out to visit about a dozen farms so that students could study those farm operations at first hand.

The head of the department, though, was not in. I learned that he was operating a farm about three miles out of town partly to keep in touch with developments and to try out his ideas. Well, that fascinated me. So by the time we'd listened to that, I said to my friend, "Well, if you can take me now to the Western Union office, I'll telegraph the Northwestern to send back my trunk." That was another fork in the road.

Chall: Yes. Quite an unexpected decision. What year was this?

Erdman: In September, 1914.

Chall: Of course you wanted farm management.

Erdman: I never regretted it. Then came another fork when I got to enrolling. And this is the kind of thing now that has kept me telling kids that I'm not too excited about their wanting certain courses unless it means omitting essentials like English, math, or some science. But here I had done this inspection work, and so when I saw a city milk supply course listed in the dairy department, which was outside of the field where I was supposed to do anything, I told my advisor that I'd like to take that. "Well," he said, "no reason why you shouldn't." So I enrolled for that.

It was a seminar, and when I got to the first session, the professor handed out a list of topics, and I immediately spotted one--the proposal for a municipal milk plant in Eau Claire, Wisconsin. Well, that fascinated me, and I decided that I would select that. I wrote a paper on it, which in turn led to my being appointed as a research assistant. I dropped out for six months to make a milk marketing study--my first milk bulletin. Remember the first bulletin I wrote jointly with Hibbard [Benjamin H.] was the result of that study. But this fork in the road led me to that.



Chall: I wanted to go back just a moment and get a clue as to why it was that your father decided that you shouldn't become a farmer. Was there a depression, or what happened that kept you from going back home to farm permanently?

Erdman: Nothing special had happened, except that the two younger brothers were, in his opinion, too young to move to town. He hoped they were going to be farmers, and he feared taking them to town would make "loafers" of them. He said he couldn't afford just then to put any buildings for me on one of the other quarters. He had five quarter sections of land.

Chall: And he needed all that for subsistence?

Erdman: Well, he didn't need it all, no. But he had that and was farming it. He had told me at one time that if I wanted to go to farming he'd build a set of buildings on one of these quarters and let me get started there. I assumed he'd rent it at a reasonable rental.

Chall: And he decided not to do that?

Erdman: He didn't say I couldn't come back. He merely said, "You have good training now. Try another job first. You can always come back. This would be hard work." He reminded me of a lame shoulder--I had bursitis or something of the sort. So, regretfully, I began to consider alternatives.



## II GRADUATE STUDY AND TEACHING: WISCONSIN AND OHIO, 1914 to 1921

### UNIVERSITY OF WISCONSIN, 1914-1917

#### Professors and Their Influence

Chall: What courses did you take at Wisconsin, and who were your professors?

Erdman: I took a farm management course, and a farm management seminar with Professor D.H. Otis, and a course in agricultural economics of a general sort--this was with Professor Taylor [Henry]. Also a course on marketing and cooperation with Hibbard. Then about the second year, I guess it was, also a seminar, a larger seminar by Ely [Richard T.], which involved Taylor and Hibbard part of the time. Ely had definitely an historical approach, and all of that was something that interested me at the time.

I had not taken a course in industrial history, so Taylor, who was my advisor, had me enroll in a course in industrial history. And then in the seminar I did some work, a term paper, on land tenure in England. Both Taylor and Ely were interested in European developments, and I guess I became interested in the historical approach partly through Ely's, and Taylor's as well, interest in it.



Richard T. Ely

Erdman: Some ideas of Ely's on research method struck me with interest, that is, his eagerness to grasp any new idea that came up in a seminar. I remember his using little slips of paper to jot down notes as interesting points of view or relevant facts came up in the discussions. His methods gave me some ideas a research that I hadn't gotten elsewhere and that may have been a handicap or may have been an advantage.

Chall: What were his ideas?

Erdman: Well, he had what I first thought a confused way of doing his research, which was of gathering facts and ideas wherever he could find them. I remember his bringing in a helter-skelter collection of papers and pamphlets which dealt with aspects and points of view on the Irish land situation he had been studying. He was trying to analyse or codify conflicting ideas. Perhaps it wasn't so much newness as it was his intentness on the subject. If a new source or a new idea came up, he'd capture it, so to speak, file it away if it was something that impinged on something on which he was working. One of his subjects concerned property concepts. I had occasion to study his two-volume work Property and Contract.

Chall: Was Mr. Ely the person who taught industrial history?

Erdman: No. I believe he had taught some such subjects earlier. I think it was some lectures on socialism that got him into John Kennedy's Profiles in Courage. Ely is one of the people in that. They tried to get him fired because he was too socialistic. Well, anyhow, I was interested in all of that, and in his approaches.

William Scott

Erdman: Another man that interested me in the historical aspect was Professor William Scott, who gave a three quarter course in history of economic doctrine. That was really another eye-opener to me; the thought that ideas keep growing as successive writers try to clarify them, and that you can often find their origins way





- Erdman: back in some of the older writings. It was largely because of his course, as I remember it, that I began to think about the meaning of his comments on the tendency toward a new equilibrium when some element of progress enters an economy: that when something new comes into use it often sets in motion forces which tend to take advantage of the new development and, by doing so, to diffuse the effects. Sometimes these changes aren't attributed to real cause until some later writer puts them in perspective.
- Chall: And, feeling that this was a valid idea, did it concern you as you began to study the varieties of change?
- Erdman: Well, intermittently, I would say.
- Chall: You'd be watching for it?
- Erdman: Well, no, I wouldn't be watching for it, but it would come up and I'd be reminded that that was the case.
- Chall: Was this history of economic doctrine which you studied that which came out of the English economic schools?
- Erdman: English, German, and Italian, I think mainly, and French.
- Chall: The so-called classical economists. What about Marx?
- Erdman: Oh, yes. Marx was in his place in that outline--Marx and Frederick Engels, and then later some of the critics of that notion, clear up through . . . I think, the end of the row at that time was Alfred Marshall, the English book [Principles of Economics] which became quite the standard, the one that really replaced John Stuart Mill's book for awhile as a textbook.

Benjamin Hibbard

- Erdman: Then Hibbard was another man. Hibbard had been brought to Wisconsin by Taylor. He had very much the same background--Iowa farm background--and had come in and had majored in economics also with Ely. Then he also had traveled in Europe to top off his education, as Ely had. So they were interested in the historical



Erdman: background. He taught a course in agricultural cooperation and took part with Professor Henry Taylor in the department's seminar.

### John R. Commons

Erdman: I had work with Professor Commons who was quite a name in labor economics and labor history. I remember John Commons asking me one thing, that I didn't know, that I never have forgotten. I still don't know very much about it. Commons was discussing what has been called the institutional approach to economic problems. Half the time I didn't know what he was talking about because I hadn't taken any of his other courses and didn't realize what he was doing. He was sometimes just mumbling along, and graduate students who were working with him, for example, on labor problems, knew what he was driving at. The institution I couldn't explain on my examinations was syndicalism; somehow or other it had escaped my reading, so I wasn't sure that I could define it at all.

Then another man in the group was in rural sociology, a man named Galpin [Charles J.] who later on became head of a division in the Bureau of Agricultural Economics when that was formed.

### Henry Taylor

Chall: You studied with Henry Taylor too, didn't you?

Erdman: Yes. I think Taylor was probably more influential with me from there on than anybody else I worked with.

Chall: Why is that, do you think?

Erdman: Oh, his analytical approach to things, and his encouragement of me.



Erdman: He was a friend. This picture was taken on an occasion when my wife and I were visiting at her home in Madison while we were in Ohio.\* Professor Taylor had invited us to go with him on an overnight trip to visit the man who's in overalls there, a man named Ayres, who was a breeder of Brown Swiss cows. My recollection now is that that was on the occasion when Taylor was trying to arrange for an auction to sell his own herd, because he had gone to Washington, D.C. in charge of the Office of Farm Management. He was going to have a sale, and this man knew about the handling of such sales. Well anyhow, we stayed overnight at this old house. I'm getting clear off the subject.

Chall: That's all right. Did Professor Taylor and Mr. Ayres consider these good dairy cows?

Erdman: Well, he thought they were good for dairy purposes and also had value for beef.

Chall: How many years did you stay in Wisconsin doing your work in agricultural economics and farm management? What was it called there?

Erdman: Well, it was called agricultural economics, but there were courses in farm management which I mentioned earlier. Then, of course, there was, as is the case here, the required work in other subjects--general economics and some advanced economics.

Anyhow, these were the professors that interested me there. The point I would like to make about it is that agricultural economics was in a sense an arm of the economics department; that is, the Agricultural Economics Department in the College of Agriculture was closely associated with the Department of Economics in the College of Letters and Science. And, of course, most of my qualifying examination really involved economics.

Chall: What was the teaching of economics like at that period, compared with what it's like today? Was it highly

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\*On the wall above Professor Erdman's desk is an enlarged photograph of Professor Henry Taylor and Mr. Ayres.



Chall: mathematical at that time or was it mostly "look-see?"

Erdman: Neither of the two. It was really pretty much the conversational type of lecture and assignment of readings of various writers. Published material. There were, of course, some earlier works on mathematical economics, but it was at a minimum and as a matter of fact one of the things I regretted in my own education was inadequate mathematical background to enable me to read the modern writings. It has seemed to me that most of the readers will not be mathematicians and that it should be possible to express, in plain English, the basic ideas. So, I am impatient with excess use of mathematics except for the technical workers who know what it's all about and can go ahead from there.

### Graduate Students

Erdman: You asked something about the students of that period. There was an interesting group of graduate students at about the time I was there. Among them I recall John Black, who later on went to Minnesota and then to Harvard; Clarence Holmes, who first went to Iowa State College and then to Washington, D.C.; O.E. Baker, who headed the population section of the Bureau of Agricultural Economics in Washington later and was quite a writer, for a time, on population; and Oscar Stine, who had quite a part in developing the agricultural statistics in a division called Historical and Statistical Research.

There was another man named Forster [Garnet W.], who did some important writing on farm management. He went to North Carolina as a professor of agricultural economics; and then Mr. William Callander, and associated with him Joseph Becker, who were successively in charge of the crop estimating work of the bureau. Both of them were people I got acquainted with at Wisconsin, and both of them came to Ohio while I was there, and were stationed there for a time, and then went to Washington.

Chall: Well, I would gather from this that you must have been at Wisconsin during a most stimulating period. The professors must have been stimulating the students, and vice versa.





- Erdman: I think they were. The thing that attracted me was the farm management work, but later I came to appreciate the distinctly broader approach, which I didn't get at my first look over the place. A thorough grounding in economic theory was the first requisite at Wisconsin, with a background of practical agriculture.
- Chall: So this was a new approach, then, at Wisconsin.
- Erdman: To me it was, yes.
- Chall: Was it also a new approach at the agricultural college level?
- Erdman: I now feel that it was, in the sense that quite a number of the students developed an interest in public policy.
- Chall: Did you get the feeling, at the time, that you were expected, or at least, were to consider the possibility of serving your community in a very broad special sense after your education, as Richard Kirkendall has indicated?\* He feels this was a very important aspect of the training at Wisconsin. And from what you've told me about Black and Stine and all the others, one would assume that perhaps this was so. On the other hand, maybe it was Taylor's personal feeling when he brought his men to Washington.
- Erdman: He brought his own men in because he knew what he could expect of them.
- Chall: Without any philosophy about government service?
- Erdman: I do not recall his putting any emphasis on public service as such. His emphasis was on soundness of analysis, and that is what he believed he could expect of his own trainees--people who will really come and talk to you and hash stuff over, and you know what they're talking about.

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\*Richard S. Kirkendall, Social Scientists and Farm Politics in the Age of Roosevelt (Columbia, Missouri: University of Missouri Press, 1966).



### Henry Taylor and Government Service

Chall: Why do you think that Taylor decided to leave college teaching and go into the government service?

Erdman: Well, he was given an opportunity to do an important job. A major aspect of his teaching had concerned the basic principles of farm management, including the combination of farm enterprises, size of farms, etc. He had been a member of the committee on reorganization of the economic work of the United States Department of Agriculture.

There is an interesting little story about the way Taylor became involved in Washington developments. There had been a dispute at the beginning of the war period over the use of cost of production data as a basis for fixing the price of wheat. In the course of the controversy the man who was in charge of the Office of Farm Management, Spillman [William J.], resigned from his position stating that he could be more influential as editor of the Farm Journal.

Secretary Houston [David F.] took that occasion to appoint a committee of seven men, which included a man from our department here, R.L. Adams, to come to Washington and go over the whole question of what economic work should be done by the department. Taylor was a member, as was my associate at Ohio, Professor J.I. Falconer, with whom I had the opportunity to discuss the committee's progress from time to time. Taylor, in a reminiscent mood some five years later, told me that when the committee was leaving the secretary's office after having given him its report, the secretary said to him, "Just a minute, Taylor. I want to talk to you personally." As the door closed, Mr. Houston said, "I want you to take the job." Taylor became chief of the newly oriented Office of Farm Management the following April (1919).

So, a whole group of new questions began to come up as to how the work should be conducted. Taylor had long had ambitions to take part in national economic affairs. On another occasion for reminiscence, he had told me how he happened to talk to James Wilson before Wilson became secretary, about his (Taylor's) planned graduate work at Wisconsin. Wilson, as I recall, advised work on livestock, but Taylor was



Erdman: interested in economics and told Wilson that some day he would like to head a department of agricultural economics in the United States Department of Agriculture. This finally came about. He was there as head of the old Office of Farm Management, which within a few months was to become the Office of Farm Management and Farm Economics, and within a few years the Bureau of Agricultural Economics.

In the sense that public service is involved here, Taylor had been called to Washington at an earlier time in connection with census data. He had participated in the work of formulating questions to be asked in the census of agriculture and in the tabulation of census data concerning agriculture.

Chall: This might have been sometime between 1910 and 1920, then.

Erdman: I couldn't say. I was in Wisconsin from the middle of 1914, and my impression is that it was before that.

Chall: Preparing for the 1910 census?

Erdman: I do not know. I'm merely pointing out that it was nothing new for him to get involved in these programs.

Chall: He was known in Washington.

Erdman: That's right. He had also been involved in Wisconsin. Wisconsin was an active spot in the days of LaFollette. One of the events of the early or middle part of his experience there was when the cheese producers were in rebellion against price-fixing by the Cheese Boards in Wisconsin. Taylor and one of his associates made a study of the work of the cheese industry's marketing groups, and how prices were established, and did one of the first of the studies that were popular at the time, trying to answer the question of who gets the money between what the consumer pays and what the farmer gets.

As a result of his work, the Wisconsin Cheese Producers Federation was set up mainly to take control of cheese marketing out of the hands of the factory operators and cheese dealers. Many of the cheese factories had originally been established by farmers or farmers' associations, but the operation and often sale of the cheese fell to the cheese makers. By the turn



Erdman: of the century most cheese was sold by contract at prices based on sales reported on specified Cheese Boards. These prices were subject to manipulation.

Cheese is "ripened" over a long period and was at that time produced primarily during the summer months when the cows were on pasture--there was very little winter feeding. The result was that the prices of butter and cheese were low in the summer and one never knew how high they would go in the winter. That made the farmers very unhappy.

### Research

Chall: Was the cheese study a cost study?

Erdman: The cheese study was not a cost study. It was a study of distribution and of the prices at different stages in the marketing. What were the farmers getting and were there any intervening stages at which you could get prices so that you could say that one group or another got so much out of the amount that was spent by the consumer. That was a popular approach that had some fallacies but was an interesting one at the time.

Chall: So, they were just checking to see what was happening, rather than what might be done.

Erdman: Yes. Well, what might be done is always the next question farmers ask. In later years I have been told that many of the professors tend to be radical, because all they were thinking of was what kind of change should be made in the way things are done. I pointed out to the critics that this has been the basis for the development of the agricultural colleges: whether it was how to make two blades of grass or two ears of corn grow where one grew before, or how to sell the second as well as the first. You were always looking for a better way.

I'm getting away from the point I started to make. The college Experiment Stations were working on these problems and very, very commonly the workers at the college were asked to find out how to kill some bug. Their usual approach was to study the life cycle of the bug or worm they want to kill in order to learn where to attack it. Somewhere he'll sleep or do





Erdman: something at which you can kill him off. He might lay eggs on stubble which could be burned, or as a worm you could kill him by spraying. An early California pest which threatened to ruin the grape industry, was phylloxera, a sort of aphid. It destroyed vineyards in great quantity. My old friend Frank Swett, who just died here day before yesterday, was active in that episode. He brought in grape cuttings from France, where they had developed some varieties of grape that were resistant to this pest. He grafted over to this new type a big nursery that he operated and began to spread the resistant varieties around by selling these new strains. So instead of killing the bug, you starved its young. Then the question would come out: how do you handle these cuttings, how do you graft and all that?

Chall: That's the kind of thing that can be done by botanists and geneticists. I was concerned about how the economists were handling the problems of determining prices and costs--let's say in such a study as the one on cheese. How much of this was done by checking, by asking questions, and then coming up with possible answers, and laying them out on the table for discussion; and how much of it was done by use of statistics and mathematical formulae? Would there be more use of statistics today in researching a similar problem than there was early in the century?

Erdman: One thing you must realize is that vast improvements have gradually come about in collecting statistics. For example, in the earliest periods we have almost no crop estimates except a very superficial sort based on scattered letters from farmers around the country. Then gradually there came systematic reports on market prices and car lot receipts at certain of the terminal markets, or exports and that sort. Some of the earlier reports were often crude--where they might combine "uncombineables" thus not making any kind of sense in the totals. Now we get special quotations on important varieties of wheat, for example, or fruit or potatoes. I'm sure a modern market economist, were a time machine to put him back half a century, would want to use more statistical procedures than Taylor and Wehrwein used--but he'd find fewer statistical series available.

Chall: So, the gathering of statistics and making use of them has become greater and more refined.



Erdman: For example, about 1908 or '09 Congress provided some additional appropriations for collecting prices periodically on additional farm crops. So, in the 1910 figures reported by the Department of Agriculture, you get quite an expansion of the list on which annual prices are reported. The result of that was that in the middle twenties, when George Warren was getting out his bulletin on prices, he made quite a point of showing tables of the changes that took place from the pre-war period, when the European war broke out in 1914. The period for which prices were available then was 1910, '11, '12, '13 and '14--a convenient five years. Well, that's the kind of base period statisticians like.

But, anyhow, that was a good start. So researchers computed indexes of these numbers to combine them the way you combine commodity prices to make an index of prices as diverse as of steers and oats combined in one index. They had this for a five year pre-war period and on the charts that period always shows up at the one hundred line. That's one of your "relatives." So many writers, observing that the pre-war period was most often charted at one hundred, said, "Things were normal in those days." The price went bobbing right straight across the one hundred line during those years.

Chall: Everything seemed perfect at that time.

Erdman: Yes. But that wasn't the case at all.

Chall: This is the beginning of the collection of figures.

Erdman: These were ramifications of what was going on.

Chall: Is there anything else you want to say about the years at the graduate school in Wisconsin?

Erdman: I don't think so at the moment.



## OHIO STATE UNIVERSITY, 1917-1921

- Chall: Of course, you were making a study of the marketing of whole milk, which ultimately resulted in your Ph.D. thesis. So, you were busy in a field in which you had some prior knowledge. Then, how about discussing your going off to Ohio State University.
- Erdman: There, again, Taylor was involved. At Wisconsin I had passed my oral examination, and was ready to go out and take a job. I had taken a temporary job with the state Department of Agriculture at Madison in connection with some war-time emergency seed distribution. Taylor was doing something or other down there at the time, too. He showed me a letter from a former student, John Falconer, at Ohio State University, saying they had an opening in marketing. I expressed an interest in it, but nothing more was said. A week or so later he called me one morning and read me a telegram saying something like, "If Erdman interested in marketing job, have him be in Columbus Friday, May 25, our expense." End of wire.
- Chall: That was an irresistible offer.
- Erdman: Not quite. I said, "Well, I don't know. I'm getting married Saturday."\*
- Chall: What was the date on which you received this telegram?
- Erdman: Two days before. He said, "Now wait a minute. Don't say anything like that. This is fine. I have just been to Columbus to make a speech. You can get on the train here tomorrow morning and be in Columbus Friday morning before breakfast. There's a streetcar which connects with the university, which passes right in front of the railway station. You get on that and you'll be down there in time for your conference. You get back down at five o'clock at night and you can get on a train going in the other direction. You'll be in Madison by eleven o'clock Saturday. Your wedding doesn't take place until two thirty and that gives you plenty of time to get ready." Then he added, "You'll have a job, you'll have a wife, and you'll be all set to go to work."
- Chall: And, did you do that? Did you begin to work in Ohio right away?

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\*Professor Erdman married Irene Cigusta Maw (1890-1962).



Erdman: Well, I didn't go till about August 1, as I remember it. You asked about the assignment there. I was appointed as assistant professor of agricultural economics, rural economics they called it at Ohio. I was to teach several courses, including one on agricultural marketing, one on what they called agricultural economics--a general course for other than rural economics majors as well as majors, and then a short course in agricultural cooperation.

Since I had had no experience at independent teaching and this was a new area in which to work, Falconer suggested I spend the first month or so getting acquainted with the state. He said there will be plenty of money for travel.

#### Traveling Through Ohio

Chall: Now, when you spent the first month traveling through the state, this was before the beginning of the school year?

Erdman: Yes, school was to start in the middle of September, and the intervening time I spent outlining what I was to teach in these courses. And fortunately a new book on marketing of farm products had just come out, so I had that to use in my first marketing course.

Chall: [Reading] The Marketing of Farm Products by L.D.H. Weld. And who was Mr. Weld?

Erdman: He was a professor of agricultural economics at the University of Minnesota at that time.

I liked the idea of going out and seeing things myself and immediately started following it. I went out to see all kinds of people and organizations--individuals connected with firms known as jobbers, wholesalers, and what not in Cleveland, Toledo, and Cincinnati, and a number of cooperative organizations. The direct markets were also of importance in the area--the farmers markets as they were called. A central market is a confusing thing to a newcomer. I wanted to know just what these jobbers, wholesalers, and brokers did; how they differed, what parts they played in price making, etc.





Chall: Did you travel right through as much of the state as possible in that time?

Erdman: Well, yes. Columbus was right in the center of the state, so there were some interesting things there, but I particularly went to Cleveland, and Toledo, and Cincinnati--the big markets. Then in addition there were places like Marietta, on the southern border down on the Ohio River, where there was an important tomato producing center where I got my first glimpse of the kind of thing that was to be common to me here in California later. A big corporation I came to know very well later was put in charge of the local distribution of these tomatoes which were packed by a cooperative association.

Chall: And how did you travel?

Erdman: By train or electric cars. The state was lined with electric railways using electric cars, streetcar-like things, you know; we used to have before you were a little girl. Anyhow, we'd call them the red cars; most of them were painted red. But they were electric cars that would serve towns not on main lines, or generally supplement the railroad schedules. There were good railroad connections from lines running from the western edge of Ohio through Columbus to Washington and Baltimore, and other lines going say, from Cincinnati to Cleveland and on to New York.

Chall: Did your wife go along with you on these various little jaunts?

Erdman: At that time she hadn't come. She stayed in Madison for over a month while I was traveling. She had a little job as stenographer for a law firm and did some court reporting when depositions were to be taken.

Chall: So she didn't give it up until you were ready to settle down in Columbus. An independent woman.

Erdman: Yes.

Chall: You spent the first month learning about Ohio markets and the state itself, and then you were ready to teach?

Erdman: Well, not necessarily ready, but classes were starting.



### Lecturing to Farmers

Chall: Three courses--that's quite a load, I would think.

Erdman: Well, as I remember, the short course didn't start until later in the year, late in the fall or somewhere. Anyhow, it was quite a load in a sense, but I was raring to go. Even that first semester I'd get drawn into other activities. Teaching was only a part of what I was supposed to do.

They had an Extension Department, and some of us were always called on for occasional talks. A few local Farm Bureaus were being organized, and there were nearly eight hundred local Granges and a smaller number of Gleaners and Farmers Unions. The red cars permitted one to take short trips, to use half days or late afternoons and evenings. I had joined the Grange since we had a campus local to which many of the agricultural faculty belonged. Anyhow, then there were some special speaking engagements--a Farmers Week, for example.

There were, in the first year especially, quite a number of Farmers Institutes which were a carry-over from an earlier period before the Farm Bureau and Extension Division were established. I remember going on a number of those trips in company of two or three other speakers, on a little circuit, giving a couple of talks a day. There was always one farmer with us, and sometimes one of the home economics women or some woman who was active with women's work in the farming community.

On the occasions of these trips, I was always alert to the possibility of doing work that I was scheduled to do as research. For example, if I had a little time on my hands before train time, I always tried to spend it interviewing someone at the local farmers' elevator or some similar business. In the second year, when I was studying the miscellaneous farmers' organizations, I remember walking a mile or more into the country to see the president of a local farmers' mutual fire insurance association. It was lots of fun to find him simply an ordinary man whom I pulled out of the farm yard while he was doing chores. It was a mid-winter afternoon, and he came into the house to get his records. He had them up on a shelf, stacked vertically beside the clock, with a bundle of other papers.



Chall: And he was running the mutual insurance company?

Erdman: Yes, for that locality.

Chall: What did you talk about when you were out speaking?  
What were you expected to be telling the farmers?  
What did you tell them?

Erdman: Well, it depends on the questions that were in their minds. I remember some of the discussions concerned the grading of wheat. There was a good deal of criticism at the time with the way wheat was priced under the war-time price control, in which the price of wheat was fixed, say, \$2.10 at some places, and at places a little further away \$2.08 or \$2.09 for a bushel for a given quality. Again, the farmers were complaining that the wheat was graded too rigorously. They were always suspicious of the dealer--he was grading the wheat he was going to buy. Often he would deduct a cent or two because it fell into a lower grade. Well, I tried to explain what the grading involved, that you couldn't get the same for all qualities of wheat, which they would readily admit. But they complained always that the local buyer was not doing it properly, and so forth. That I couldn't answer, of course, but we'd discuss the grading problem.

### Farmers' Elevator Movement

Erdman: And then at another place, let us say, there would be a discussion of whether or not farmers should organize a farmers' elevator. They wanted to know, "How are they working elsewhere?"

In connection with that in Ohio, my interest in this farmers' elevator and other cooperatives was stimulated partly by the fact that there was a very active promotional game going on in the case of farmers' elevators. The Farmers' Equity Union was headed by a man named C.O. Drayton, who had some promoters out in the area organizing farmers. They would sell the farmers the shares of stock in a proposed local company with the cooperative features the Equity Union advocated. Then at the same time there was a movement underway backed by the Ohio Farmers' Grain Dealers' Association, which was a trade association



Erdman: for the farmers' elevator companies that were operating at the time. Their executive secretary, one Charley Latchaw, was out virtually as a promoter, in the sense that if a local group of farmers was interested in organization and would give him a call, he'd go out and talk at a meeting and explain the Farmers' Elevator Association plan and criticize the other plan.

I considered both plans cooperative; they both had essentially the same cooperative features, but one was better than the other, so each man claimed. It frequently was the case that there was nothing really wrong with a proposed plan, but the argument of the equity union man put a bit more emphasis on the idealism on which it was based.

Chall: So that one was more idealistic and the other was more practical.

Erdman: More practical, yes, if operated by practical men.

Chall: Now the farmers I would imagine were quite confused about this.

Erdman: They were.

Chall: Was one of your roles to try to help them understand the differences between the two as you went out to talk?

Erdman: Yes. And you can't go out, representing a university, and attack a plan, so what you do is to try to explain, give them plenty of time to ask questions, and explain what is involved. All sorts of things came up.

For example, in one place where I talked, they began by criticizing the local grain buyer. They had a rather large elevator which called itself a farmers' elevator, if I remember rightly, but at any rate it was one of a type that had developed in the area in an earlier generation. Usually some farmers held stock, but the company was run as a business proposition, that is, minus the cooperative features. The manager, according to the accusation, drove around in a big car and smoked fancy cigars, "all paid for by the farmers." I remember questioning the soundness of that judgment, because as I pointed out, there were smaller elevators in the same area that couldn't do that; and that this fellow was making money at the same price all the rest were paying. I didn't know why at the time but learned





Erdman: later that he was an exceptional merchandiser. On the basis of my observation of other elevators, some of them cooperatives, I advised them that, unless they could run a better elevator this might not be a place where they should set up one of their own because they were already getting a good price.

Then the question would come up, "What do you have to pay a good manager?" Well, the low pay of the cooperative managers was one of the things I criticized. I remember mentioning that the figure five or six thousand dollars probably would be what would get the kind of man you really ought to have.

Chall: My goodness! They were being paid, I think you said, an average of \$1200.

Erdman: That's right. Well anyhow, I said, "You probably won't find one like that, but I'm just saying you need good management and you could afford to pay that if you've got the right man." Well, I was shocked later on to find that that statement had been a very bad one, because what they did was to let themselves be sold a bill of goods by a smooth talker who explained what the elevator ought to do. He had no relevant experience, but he'd studied grain marketing and he'd been to the central markets, and he knew how they functioned. He said, he'd make it pay. And they paid him five thousand dollars.

Chall: And then what happened to it?

Erdman: Oh, the new association didn't last long.

Chall: Those are really disappointments, and I suppose they reflected back on your judgment.

Erdman: No, I imagine the listeners soon forgot that. None of that registers. But it struck me as being an interesting example of how things sometimes work out.

Chall: What were you being paid as a professor, by the way?

Erdman: Eighteen hundred.

Chall: Eighteen hundred a year?

Erdman: Yes.

Chall: But you were recommending that a good grain manager be



Chall: paid five thousand dollars a year?

Erdman: Well, why not? I just pulled that out of the air. You see, if you get the kind of man you ought to have you might have to pay that much. I didn't say they should pay it. But I was sorry afterwards. I might not have helped, and I was not consulted, but this man knew how good he was--and told them.

### Milk Commission

Erdman: One of the additional jobs was a public service sort of thing that you were asking about. We had a lot of controversy in connection with the collective bargaining by the milk producers' associations of the state and the big milk dealers in Cleveland, and Cincinnati, and Toledo, and Columbus. And, having been interested in milk and having planned to write my thesis on milk marketing, I took every opportunity to dig up something more on milk. So when this milk commission was appointed, and, with Falconer's and Dean Vivian's approval, I volunteered to put in any spare time working with them, if I could do anything, rather than on other research projects. The grain elevator study had already been completed. Anyhow, I went to work in the office of the commission in downtown Columbus, on special problems. On a few occasions, I was sent out on trips to see what I could dig up in the areas in which they were disputing one thing or another.

Chall: What was the commission supposed to be doing?

Erdman: It was a commission appointed by the governor to arbitrate milk price controversies when the milk producers would threaten to strike, let us say, or the dealers would refuse to give them any increase to which they thought they were entitled.

Chall: How were these conflicts arbitrated? What was the basis of the judgment of the commission?

Erdman: Well, the first thought seemed to be that if you can get the parties into the same room and get them to talking you can get a meeting of minds. For one thing producers were very unhappy with the dealers' complaints about surpluses. There were no adequate bases on which



Erdman: to decide on what surpluses were, and a good many producers had suspicions which, in one particular occasion, I corroborated by a little inquiry among dairymen.

I had done this around Columbus where I talked to one dairyman, who, I recall, explained to me that he had been delivering milk to one of the leading companies in Columbus which claimed to have a surplus of fluid milk but had agreed to take his milk at its butterfat values until they needed it for fluid milk purposes.

At the time I was digging through the records of this company. I found that this man was still getting only the butterfat price although the records showed that the company had been taking in others on a fluid milk basis. In fact the records showed numerous situations in which weak bargainers were similarly disadvantaged.

Chall: But you found that what the dealer said and what was actually happening were not the same?

Erdman: This was the sort of thing the farmers were accusing him of doing. The price of whole milk to be used for consumption as such was always higher than its butterfat value. So a retail distributor would not want to buy more than his whole milk trade would take but he always had to have a little extra whole milk varied seasonally and even from day to day whereas he could not get extra supplies on short notice. This little extra was not considered surplus--it was a sort of safety margin. But at some point it would become a burdensome surplus.

#### Problems of Obtaining Valid Data

Erdman: This was a period of rapidly rising prices and milk producers found their costs of production rising sharply, but consumers, whose costs of living were also rising, resisted milk price increases. Producers fell back on citing rising costs of production to buttress their arguments with dealers for higher prices.

It so happened that numerous cow testing associations had been formed among dairymen. The purpose of



Erdman: these associations was to enable some two dozen dairymen in a community to hire a man who would spend a day each month on each farm. There he would weigh the milk of each cow, determine its butterfat content, all with intent to help the dairyman to spot his unprofitable cows. Often these cow testers, as these men were called, also weighed the feed used by the individual cows. Someone had noted that cows vary greatly in the amount of feed they will eat and there may not always be a very direct relationship between feed consumption and the amount of milk or butterfat they produce. So these men had accumulated a lot of data on grains used. Well, then, by multiplying the market prices by these quantities, one could compute a cost figure. Likewise you can estimate the hours of labor required and compute a cost per unit of milk. Anyhow, the costs so reported were used in the bargaining process. This use of these and other costs as guides for price-fixers became the point of a lot of argument in this era.

On one occasion I happened to be riding on the train with the president of one of the local milk producers associations. We had been talking about a recent hearing on milk prices at which he had cited high costs. Suddenly he pointed out the car window, noting that we were just then passing his farm, so he began talking about that. He said that he had had a lot of hay that had gotten rained on and it wasn't marketable, but it would be very good feed, and since he had some extra grain, he had decided to buy some more cows and use it for feed.

Chall: So he could use up this hay.

Erdman: So he could use up this hay, yeah. Well, it dawned on me that here was one of the things I'd been looking for as a clue to some hidden relationships between costs and prices.

Let's see, what else was there? The commission had, as executive secretary, a man who was a Harvard graduate with a major in economics. He knew about marginal producers and suggested that we get data on the costs of production by marginal farmers. And I argued with him a little bit about how you could pick out the marginal farmers. "Well," he said, "you people must know who they are." Anyhow, I talked the matter over with John Falconer, the head of my department, who was a farm management man and who had been collecting





Erdman: farm management data. After we had talked about it, he said, "Well, I'll pick out a little group of ten or twenty that I think are marginal farmers. We'll see how their costs compare." He did that, but that gave a lower figure than my Harvard friend had expected. That is, the high figure in this group was not as high as the producers had thought it should be. So this approach was dropped.

Chall: I wanted to ask you more details about this milk commission. What was the personnel of the milk commission?

Erdman: The head of it, a Mr. Croxton, was a public figure of some sort in Columbus. He was not a farmer.

Chall: Who were the other commissioners? Were they also public men?

Erdman: Yes, but I don't remember that I really knew any of them. It was virtually a one-man commission in that the others took no active part. That is, this man was appointed the commissioner, and he had a staff made up of, first an executive assistant who was the Harvard economist I've just discussed. The head of it wasn't a full-time man, but the executive assistant was. Then they employed also an accountant who was a professional auditor. I remember discussing with him the costs of milk distribution.

I had a feeling at the time, and it may or may not have been right, I've never had occasion to check it, that when a milk company is under scrutiny in regard to the prices they are charging the public for the milk and particularly when they are asked to show costs, their accountants will make sure that they allocate all they can to the costs of milk, as distinct from cheese or cottage cheese or ice cream or milk or the cream for sale elsewhere. But anyhow, that was the staff of this group, and my work was only a small part of it. I was just an unpaid participant.

Chall: Were they able to solve some of these problems?

Erdman: Well, the war ended before they got into any real problems.

Chall: This was a product, then, of the war time price controls, I take it.



Erdman: This was purely concerned with the price adjustment so as to keep the supply of milk coming to market.

Chall: It was fixed, and the market wasn't working its usual way.

Erdman: But it was; that was the trouble. What you had was war time inflation. You had, in the first place, the period beginning in 1916. If you look back at the price charts, prices of food products began climbing sharply because we were exporting larger proportions of our agricultural production. At that time we were able to supply England. I don't think Germany was involved at any stage in that except that they were beginning to use their submarines on our ships. But anyhow, you see it was the early part of this when our exports jumped sharply on these food products, wheat included, and prices were going sky high. In that sense, the market was responding too effectively, you see.

One thing that I might add: at Ohio I frequently had interviews with Professor Erf, head of the dairy department, who used to enjoy telling me--knowing that I was interested in cooperatives--about the times when he had tried to organize cooperative creameries in Ohio. He'd name various places at which he'd helped organize a creamery, and say, "There's a garage foundation there now." Or, "There's a garage there now; it used to be occupied as a store," and so on. He said it was because the farmers were too thick up there [tapping forehead].

A more likely interpretation is that they, on one hand, organized the creameries in areas where the demand for whole milk from the cities pulled the milk supplies away from them, and that on the other hand the cooperatives had not employed competent management. And that was what I had found in South Dakota too.



Determining Production Costs: Tobacco, Oats

Erdman: Well, the question kept coming to my mind more and more: Farmers were cost-of-production minded. But how do you arrive at costs when you have a joint product? At that particular time I had been engaged in a study of the marketing of tobacco, mainly around the Dayton area where they produced what they call wrapper tobacco, a term applied to tobacco leaves that constitute the outer layer on a cigar. Now the Ohio tobacco was really largely a binder in the sense that it holds the center strip of cheaper tobacco together. Well, I, as usual, was listening to the tobacco growers who wanted to know the costs of production, they wanted to know what it costs to make a cigar.

So I went to some of the local tobacco dealers. They were usually pretty friendly, and one took me out with him on some visits to farmers whose tobacco he tried to buy. He'd pull out a few leaves as he examined a lot, and make a cigar, on the spot, in fact one for me and one for himself. That's where I learned to smoke cigars, make a cigar in fact he showed me how to roll my own. I marveled that I never got sick, but I knew enough not to smoke too fast, and would throw the cigar away at the first chance I got; but I did lay in a small supply of leaves and did roll my own for a time after that.

But back to the costs. I went to a cigar manufacturer and discussed costs of manufacturing cigars. He said, "Well, frankly, your question is an impossible one to answer. When we buy tobacco we buy these piles you've been looking at, and we pay a price for that by the pound. Then we bring it in and we grade it." And he gave me a list of fifteen or twenty grades and sub-grades. Then, pointing to one grade, he said, "These wrappers, 14 per cent of the total weight, are the leaves that are big enough so that we can put them in a machine and cut out from the leaf a pattern of the size needed to roll up and wrap around the cigar already shaped by filler and binder. Now," he said, "how can we ascertain what is the value of the portions used as filler or binder or wrapper?"

A more specific sort of thing came when, on a later occasion, I was talking to John Black at



Erdman: Washington about these cost data. He told me of an experience in one of the middle western states, Illinois I think it was, where the cost of oats had been found to be so high that the researchers who had made the studies recommended that the farmers cut oats out of the rotation. Soon the farmers who tried it said, "Well, we don't seem to do as well without oats as we do with them." They complained that they had to have the oat crop in order to get the clover properly started, and they wanted clover in the rotation for one or two crops of hay or pasture, and also because that would enrich the crop-raising power of the land. Also, they could sow the crop just before corn planting, and the oat crop could be harvested at a time when it was just a little too early to lay by the corn crop, as they referred to the last cultivation. So by raising an oat crop they were utilizing the available labor supply to better advantage than on minor chores.

I began to feel that the unit cost approach was wrong. It did not help the farmer decide what to grow nor what to ask in the market place. Also that perhaps it was wrong to impute twenty cents an hour, or whatever for family labor or for labor you hired by the month.

Chall: Now, these were problems, and I guess they still are, in determining the cost of production. You met it with the milk people, and you were meeting it with the grain and tobacco producers. In your department, where you were concerned with agricultural economics and marketing, were you able to devise other methods of obtaining cost data than were being used?

Erdman: I didn't at that time. This came up in connection with my discussions with farmers more often, not in my teaching, except that I got clear away from attempts at trying to do much with costs per unit of milk, let us say. The budget approach was better.

Chall: But you at least raised the question, so that those who were concerned would look into it?

Erdman: That's right.





Teaching

Chall: What was it like to be teaching? Did you have stimulating students? What were they interested in?

Erdman: Yes and no. Yes, most of them were. Some of them, as a matter of fact one or two, came out here for graduate work later with me. That was nothing unusual.

Chall: Who were these students?

Erdman: I can recall only one name, George Henning, recently retired from the Department of Rural Economics at Ohio where he had taught agricultural marketing for some thirty years.

Chall: Did you enjoy teaching?

Erdman: Yes, I always did. But as to how I got interested in teaching, well, it was just one of the things that an agricultural economist did. That's where the work was, and I had been a teaching assistant for part of the time at Wisconsin. I had worked with some aspects of Taylor's course, so it was a natural thing.

This short course I taught was an interesting one. In one sense it comes to mind every now and then in connection with the argument over tracking, as they call it, in the schools, and prerequisites. In this course, with about ten students, I had, on the one extreme, a student who was better than most of the men taking our regular courses, and on the other hand, a fellow who should have been back in the sixth grade. It was difficult to interest both extremes. Fortunately the term was short.

Chall: Was the short course for young farm boys who just needed a little education?

Erdman: The short courses seem to have been established to speed up the spread of the new agriculture work most applicable to their farming; but most especially courses on grading livestock, feeding cows and horses, and handling farm machinery. They were all designed to give information the farmers could use in better farming.



Chall: I think they had something like that at Davis.

Erdman: They did, and later at San Luis Obispo.

### Parcel Post

Erdman: Another experience I had in Ohio was with parcel post which had been established several years earlier. My arrival in Ohio happened to be at the time when there was renewed interest in the parcel post, and why it wasn't being used. I had been interested in that when I was in college, having debated the issue on one or two occasions. It so happened that soon after I got to Ohio I received a letter from someone in the Bureau of Markets asking the university to help lay out a parcel post experiment in Ohio. They had decided that Ohio was a good place to conduct a careful experiment on the feasibility of marketing farm products by parcel post with the cooperation of certain groups of interested participants.

Ohio had cities like Toledo, Cleveland, Akron, Columbus, and Cincinnati--all big industrial centers with a lot of labor unions and other consumer groups individually buying consumer goods that came from farmers. Then there were many farmers' organizations--hundreds of local granges, for example. Someone had suggested that Ohio was an ideal spot in which to get lists of city consumers, on the one hand, through the labor organizations, and lists of farmers who are members of the granges, on the other hand, at the country end. Through these organizations it should be possible to get lists of people who would pair off in direct marketing.

In the meantime, the Bureau of Markets had already done a lot of work with various manufacturers of packages suitable for shipping farm products directly to consumers. Bureau officials were interested at that stage in trying out some of the packages, even supplying free packages to persons who would participate in that kind of experiment and report results. Well, I was interested because this was an idea I had toyed with for a long time, and here it was to be tried out. Personal inquiry with leaders in both groups and some correspondence with others was fruitless. It



- Erdman: was a very good demonstration to me of how sometimes the theory and practice seem to fall into separate categories.
- Chall: Now when you're talking about parcel post, you're talking about packaging.
- Erdman: Yes. You probably haven't read that particular background. During the period while I was in college, from 1906 to 1912, there was a lot of agitation in favor of reduced postal rates on parcels, and raising the weight limits. The high prevailing rate and the weight limits prohibited shipping fruits or vegetables by mail. I remember the slogan among those who were advocates of parcel post, that the only reasons for not having them were the American Express, the Wells Fargo Express, and two other companies which I forget at the moment--whose business would be curtailed by these reduced rates. Well, anyhow, the Congress passed a law, probably in 1913, providing for parcel post, and shortly the newly established Bureau of Markets had a special department working on direct marketing.
- Chall: I see. So it was felt that this was an aid to getting farmers' produce into the markets.
- Erdman: Yes. This agitation about the so-called high cost-of-living of that period was about at a peak at the time I went to Ohio. That's when the Bureau of Markets began to push for parcel post as a way of marketing stuff, to get at this high cost that the consumers were complaining about.
- Chall: Did it ever really happen, that enough produce could go into the channels by parcel post to bring down the rates charged by the other movers of produce?
- Erdman: Yes, it did apparently, because the express rates were reduced pretty much, as I remember, to a competitive level with parcel post rates.

What interested me at the time was that this was almost a dismal failure in what seemed to be an ideal situation. You had these big clusters of people who were organized--presumably the most active people in the unions in the cities, and in the granges out in the country--their problems were being considered and, even with this, and with the backing and the offer of free cartons, you still didn't get any appreciable results. It was a dismal failure.



Erdman:        Some years later--I can't recall just when it was--maybe in the early twenties, there was another Congressional investigation to get at what the results were and what the difficulties were. Well, as a matter of fact, they had already been pretty much outlined by several people. My friend Professor Hibbard at Wisconsin, and one of his graduate students, Asher Hobson, who later became head of the department at Wisconsin, had an article in the September, 1916, issue of the American Economic Review, in which they pointed out what sorts of difficulties there were in trying to use this method. And Weld in his book, Marketing Farm Products which came out in 1916, already had rather an important section on it, pointing out what the difficulties were, and the limited possibilities of it. So this Ohio demonstration seemed to me to be almost a conclusive proof of these limitations, and it pretty much killed all the agitation for it.

Chall:        Well, it had to be tried I suppose.

Erdman:        I guess so.





### III A YEAR IN WASHINGTON, D.C., 1921-1922

#### APPOINTMENT TO THE BUREAU OF MARKETS

Chall: You were asked to go to the Bureau of Markets by Mr. Taylor, in 1921?

Erdman: Yes, 1921, he wired asking me if I could come to Washington on leave for one month for consultation in connection with a milk marketing study that had just been finished.

Chall: Your college gave you leave for a month?

Erdman: Yes.

Chall: Would that have been over the summer?

Erdman: My recollection is that it was early in August. I don't recall how that was handled. At any rate, I hadn't been there very long when he corralled me and said he really had in mind that it would take longer than a month and urged me to get leave extended to a year. And it turned out that what he had in mind was the use which he could make of a recently completed study of the cost of marketing milk.

Researchers had gone into a number of cities and determined the cost of distributing a quart of milk by a group of milk distributing companies scattered over the eastern part of the United States. Taylor wanted my judgment on the study. He didn't feel quite satisfied with it as an answer to current questions. I didn't either when I got to looking at it, mainly because of the same questions that came up in connection with specific costs elsewhere. I mentioned the other day the ticklish problems about allocations of costs. These problems would come up in connection with milk,



Erdman: as one of a cluster of commodities that were produced out of the raw milk that the farmer sold.

Chall: What was your precise appointment?

Erdman: I was chief of the Cost of Marketing Division of the Bureau of Markets.

Chall: What did you do about the milk study which concerned Mr. Taylor?

Erdman: A press release was published giving some of the data. I am under the impression that part of the material later was used in other reports.

#### PROBLEMS OF FEDERAL-STATE COOPERATION

Chall: What else concerned you?

Erdman: I hadn't been there very long before other things came up, and among them, a proposal for a study of livestock marketing. Secretary Wallace [Henry C.], Secretary of Agriculture then, had proposed to a group of livestock producers at some meeting he had addressed, that the bureau would undertake a cost-of-marketing study on livestock. Since I'd had experience with that method of sending bureau researchers out to make studies in the so-called bailiwick of the Experiment Stations, I suggested that they use a cooperative method they had already been developing, of making studies jointly with the Experiment Stations in the state areas.

Chall: The United States Department of Agriculture and the Experiment Stations together?

Erdman: Yes. That seemed to meet with favor, so I proceeded to make arrangements with several states where I knew livestock marketing studies were underway or contemplated. I recall we did rather a wide inquiry among Experiment Stations generally, to learn whether they had any interest in this particular field.

Chall: I see. You were trying to find out how much interest there would be?

Erdman: Well, yes. I knew for example that Wisconsin, Minnesota, Iowa, Illinois, Kentucky and Indiana, and,



Erdman: I think Michigan, had projects under way on livestock marketing. Some were interested in cooperative livestock shipping and some in other aspects. And so I arranged for conferences; I recall one at Ames and one at Urbana, and there may have been one somewhere else, at which we talked over possibilities of joint work. We thought the United States could put in some money, possibly employing a few well qualified men to work with state men. At any rate, we discussed the need to study carefully the questions based on the types of information to be collected, and maybe the research procedures, so that we'd come out with some regional answers that wouldn't be repetitive in different areas, or duplicate the work, but promote it in whatever ways seemed best.

Well, it so happened that I left before the plan was completed. There was something of that sort done later, I know. A number of the areas got out regional studies or got out studies such as we had contemplated, though not particularly on costs of marketing. It was more difficult to carry on than I had realized.

Chall: You mean the possibility of a cooperative project, research project, between the USDA and the Experiment Stations was difficult to achieve?

Erdman: In many cases, yes, but...

Chall: What was the reason for this, the Experiment Stations are really supported, in some sense, by the United States government, aren't they?

Erdman: Well, that's a different arrangement, however. The Experiment Stations funds come more or less automatically under broad general acts rather than on the problems of the area and are not related to the USDA.

Chall: Are they jealous...

Erdman: No, the difficulties are merely that you get into all kinds of problems which are hard to define, when you have a man at, say, this institution and send in a man from outside who has other ideas, and you try to work out a plan to get out some manuscripts. It's the same old story you get when you try to get two minds to meet on any thing.

Chall: I see. Each with a different boss, in a sense.



Erdman: No, not a different boss, different conceptions. I'm not saying that this failed. What I'm saying is that it was difficult to organize, to coordinate the activities involved in such a project. At any rate, this I still think was a good proposal. It was better than having the department just make a decision like, apparently, Dr. Lewis Haney did in the case of the milk study. He was brought in to head the new Cost-of-Marketing Division, and had left just before I went in there. I had no idea what the reasons were, but he resigned and went to something else. Well, he had apparently just decided that he would go into this milk study without much consultation and sent out letters to milk dealers, asking them whether they would be interested in taking part in this proposed project, and making some statements as to the advantages of having it done, and so on.

A Dairy Division had been established in the Bureau of Markets at an earlier date than the Cost-of-Marketing Division. It had been busy developing a market news service on dairy and poultry products, and had charge of some inspection work. So the new Cost-of-Marketing Division had suddenly jumped into the milk area, and there was a little friction, which I immediately sensed when I got into Washington. Representatives of the new division went for its confidential data to the very people the older division had been cultivating. My thought was that this was not a good way to do it, where you send federal researchers to the very firms the state people were planning to research without even contacting the latter.

Chall: Then there wasn't any real coordination.

Erdman: That's right.

Chall: People get touchy about their little vested areas.

Erdman: Well, I was touchy at that time in this sense: While I was at Ohio, I had worked on milk marketing problems with the milk commission. My doctoral thesis had just been published under the title, The Marketing of Whole Milk. Now I was interested in the possibility of developing a joint project with the Bureau of Markets. I had been in correspondence with the Dairy Division about the possibility of a study of milk marketing in Ohio, jointly, one way or another.





Erdman: I hadn't gotten very far with this when one morning I happened to note in the morning paper a little news item telling about a study of costs of marketing milk, which had just been completed in Columbus by the U.S. Bureau of Markets. Well, I immediately wrote to the man with whom I had been corresponding to inquire about this. But before I got an answer from him, apparently, he had gotten in touch with the newly established Cost-of-Marketing Division, which in turn got in touch with the man who had been working for something like a month in Columbus, right under my nose downtown. He called me up, and asked whether I could give him any information about the costs of milk marketing in Columbus. I said, offhand, "Well, no, I don't know that I can, but are you here to make a study?" He said, "No, I'm just finishing." "Well," I said, "I'd like to talk to you. You can come out or I can come down and meet with you." And he said, "Well, I'm sorry, I'm leaving on the 11:00 train this morning." That was about a little after 9:00, as I remember it. That was all I heard about it until I heard later from Washington that this cost study was under way. I didn't learn anything more about it until some months later, when I was invited to come to Washington.

Well, anyhow, this was the personal background I had with reference to U.S. Bureau of Markets researchers coming into your own territory. And so I thought that this was a difficulty that the department didn't need to invoke in the proposed study of livestock marketing.

Chall: Well, not only is it difficult, it creates ill feeling; it's also a duplication of effort which is certainly not necessary.

Erdman: It's a duplication of effort, yes. Handled diplomatically, you can always work with reasonable men in an area like that. You find these rivalries in anything from a little stenographic pool clear on up among the presidents of the universities.

Chall: I'm sure. [both laugh] I'm sure you've seen them, too.

Erdman: [Laughter] I have.

Chall: Well, you were asked to come for a month, and then asked to come for a year. Did you take a leave of absence?

Erdman: Yes, I did.



## DEVELOPMENT OF OUTLOOK STUDIES

Chall: For the year. What else did you work on besides attempting to get this joint livestock study under way and the milk study?

Erdman: Well, that about takes care of the things I did actively. I think another, more important thing was happening there. Once a week at least, Dr. Taylor held office conferences at which they would discuss new developments coming up, and one that interested me very much at the time was the outlook work that they were getting under way. They had done a little experimenting in the crop estimating service by asking farmers about their intentions to plant or breed. How many sows do you plan to breed? How many acres of barley, or whatnot, do you plan to plant? The idea was that you would in that way tend to dampen the farmer's tendency to expand his planting in any given crop because the price this past year was good.

There'd been quite a bit said about the fact that in the production of hogs there were clear-cut so-called cycles, successive periods of up-and-down movements of prices, resulting from increased breedings whenever the price of hogs, or the corn-price ratio was good. At such a time they'd increase the number of pigs and down would go the price before they could get the hogs on the market. Farmers were always complaining about that. And this was one way to head that off.

Chall: Could the outlook people--by going around and asking the farmers how much they intended to plant or breed in the next season--gather enough of this data quickly enough to go back to the farmers and say, "If you all plant this way, there'll be a surplus?" How could they get this material or knowledge back to the farmer?

Erdman: Well, the whole crop estimating service was based on having a very large list of farmers to whom questionnaires were sent and normally one could expect a fairly estimable number of replies, and these would give the answer. Then you'd analyze the replies and shortly announce the results, usually by means of news releases.

Chall: And get it back to the farmer?



Erdman: Yes. Then you could, by publicizing results, indicate where things are likely to head. Such releases always get wide newspaper coverage.

Chall: Time enough before he did plant or breed?

Erdman: Well, this would be scheduled that way. The crop estimates were always done in time so that the answer could be gotten out before the planting was done. And hopefully in time so that even the planning could change, with reference to alternative uses of the land. Anyhow, that was the idea, and I was very much interested in watching it develop and then, hopefully, having something of the sort worked out in California.

Chall: How was it working there? I mean, could you judge...?

Erdman: Well, it was too early. It was just getting started, the first report, the first outlook reports, I think, didn't show up--the published ones--until a year or two later.

Chall: I see, so Dr. Taylor and his staff were innovators in this...

Erdman: Yes. Well, he was...he and his staff were in a big way.

#### ORGANIZING THE BUREAU OF AGRICULTURAL ECONOMICS

Chall: I understand that during this period too, he attempted to promote, and in fact, did succeed in bringing together some of the little bureaus that dealt with agricultural economic statistics, and that ultimately this developed into the Bureau of Agricultural Economics in 1922.

Erdman: Well, that was already under way.

Chall: Under way, while you were there?

Erdman: Well, part of it had been done before. Out of a wartime struggle over the price of wheat and the questions of whether the price was too high or too low, there'd been discussions of the validity of and procedures for using cost of production data as an approach to deciding where prices should be fixed.



Erdman: Somehow or other in that scramble, Dr. Spillman resigned as chief of the Office of Farm Management, and a committee was appointed by Secretary Houston to study the whole question of what ought to be done with farm management: what lines of work should be taken. Taylor was one of those on the committee and I heard quite a little about that at the time because my immediate chief at Ohio, Professor Falconer, was also on that committee.

And incidentally, Professor R.L. Adams from Berkeley, who was also on the committee, had been asked to come to Washington to act as chief during the interim.

Chall: And did he?

Erdman: Yes, he was back there. Now, I learned when I got out here that he was very unhappy with his experience there. I saw some caustic comments in the Pacific Rural Press here later, after his return here, about the way things looked to him back there. Anyhow, that explains some of his attitudes. Whether he had expected to remain as chief, I don't know, but as Dr. Taylor told me on one occasion, when the committee reported on its findings, the interview had been concluded and as they were stepping out, Dr. Taylor was asked to stay for a minute of further conference with the secretary. When the door had closed, the secretary said, "I want you to take charge of this."

Taylor went there in 1919, I don't recall just when, but he had already been at work on the idea that there should be a Bureau of Agricultural Economics rather than a group of separate bureaus on marketing, and farm management, and other economic aspects of farming. There had, on a national basis, already been discussions as early as 1919 or earlier about having the name of the Farm Management Association changed to Farm Economics Association, and that I think was done in the December, 1919, meeting of what is now the American Agricultural Economics Association.

Chall: So this ferment for some kind of organized gathering of agricultural statistics, had been going on for some time.

Erdman: There had been discussion for a number of years, on the concepts embraced by the terms farm management, rural economics, and agricultural economics, with





- Erdman: Dr. Taylor in Wisconsin and Professor Warren [George F.] at Cornell, particularly active. There was a lot of discussion of it, though not very well reported, at the 1919 meeting of the group in Chicago. The Farm Management Association was nearly a decade old, and a small number of people had already formed a marketing society. I should have looked up the name.
- Chall: No, that's all right. Researchers can find this, as long as you point the way.
- Erdman: Well, that's when the name of the Farm Management Association was changed and virtually a new organization was developed; and this was just part of Taylor's notion of setting up a more comprehensive organization. As it was finally set up, crop estimates became one division of the Bureau of Agricultural Economics, farm management, another one; there was land economics, and so on. It was a considered allocation of the operations that were to be carried on in the various groups.
- Chall: Then with the setting up, in the department, of the Bureau of Agricultural Economics and putting Dr. Taylor at the head, one can assume that Dr. Taylor came out on top of that controversy with Mr. Warren.
- Erdman: Well, in the sense that his idea prevailed. Now, that didn't disrupt their willingness to work with each other. For example, during the year I was in Washington, 1921 to '22, I got well acquainted with Warren, who was completing a study of prices on which he was working. He was working with this same group in there. Part of the time John Black was there too, working on research procedures especially at the borderlines between divisions.
- Chall: So these men were all working in the USDA at the time?
- Erdman: Yes.
- Chall: They had all taken leaves from their various universities?
- Erdman: No, not necessarily. In Warren's case, I don't know whether it was leave, whether he happened to come in on a consulting basis, or more likely, he'd just gone there to go get additional data. He was working on a bulletin on the movements of farm prices which was published in 1921 as USDA Bulletin 999. Since the data



Erdman: originated in Washington, this was the place to go for various kinds of verification.

#### COLLEAGUES

Chall: From the standpoint of the agricultural economists in the United States at the time, this area in Washington must have been quite stimulating when so many of you were together working on these new methods of attacking the old problems. Did you find it so?

Erdman: Well, it was interesting. Most important to me in my future work was learning to know the men who were helping to shape these new institutions, some of which were later to be centers of controversy.

Taylor of course began bringing in his own students. He brought in L.C. Gray, who had been teaching for several years. William Callander already there, or was brought in shortly from Ohio. He'd been a Washingtonian before.

Chall: Callander?

Erdman: In crop estimates. And O.E. Baker, who became well-known as a population specialist, and Galpin, the rural sociologist who had been at Wisconsin, was brought in, and G.W. Forster, in farm management. On the other hand, there were quite a number of the old-timers left around as well, who were in some cases specialists of the old school in a sense. For example, a man who was working on market news of the dairy industry, was trained in the dairy industry, as I was originally, but without any special training in economics, and the man in charge of the fruits and vegetables division which was also developing a new service, was likewise not an economist, but rather a man who had held a succession of positions in the Department of Agriculture dating back to 1895--a career man of the time. That's what I meant by older type.

Chall: Well, they were older in age, I suppose.

Erdman: No, not much necessarily. Usually a little bit, but... This policy continued in the bureau during Taylor's building up period.



Chall: Did this cause hard feelings between the older and the newer people, particularly on the part of the older ones?

Erdman: Oh, I didn't sense any hard feeling, it was just a change. Tolley [Howard] was brought in, in charge of the farm management. He wasn't a Taylor man at all, but in his case, he had an engineering and mathematical background that made his approach somewhat different. And then Taylor had his own ideas as to approaches to farm management, from the point of view of the whole farm rather than the allocation of costs, as allocated by usual methods and so on. And there was emerging a new service, the outlook service, which was offering a different approach than they had worked on before.

Chall: Did Mr. M.L. Wilson come in at this time?

Erdman: M.L. Wilson came in actively at a later period, just before the New Deal.

Chall: Oh I see, but you did know Tolley at the time? Was he there?

Erdman: Well I think--I knew Wilson away back. He was in Montana. I think I met him after I had come out to California.

Chall: Did you meet Tolley in Washington?

Erdman: Yes. I used to see a good deal of Tolley when I became interested in the farm management approach, which was being developed there. And while I was in Washington about that time, I got to talking to Black one time about this farm management business, and especially the cost approach, when he told a little story I've never verified, but mentioned to you the other day about the time Illinois farmers were advised not to grow oats because cost studies showed it didn't "pay," whereas practical farmers found it did. This story had a bearing on my further thinking about the approaches Tolley and Black and their associates were developing. In this group was Jesse Tapp who recently died, who was later to be a vice-president of the Bank of America here. He was one of the young men who came in somewhere along about that time with Tolley.

Another was Mordecai Ezekial. Again, I don't recall just when he came in. His was a mathematical approach. He later on helped adapt methods of multiple



Erdman: correlation to the analysis of price behavior and to farm management problems.

### HENRY C. WALLACE

Chall: So that the year in Washington was a useful one in terms of your development.

Erdman: It was very useful for me. Of course I was interested especially in the many-sidedness of the farm problem and the alternative approaches urged or adopted in their application.

Chall: That was a vital new field and many new approaches were being made at the time.

Erdman: Oh there was one other event that has always interested me. I don't know that it had any great significance on my thinking except that it gave me a demonstration of the diversity of thought on current problems. This was the farm conference that Secretary of Agriculture Henry C. Wallace called early in 1922 in Washington. This was interesting from the point of view of the diversity of thinking about what are the solutions to farm problems...all kinds of them proposed: from some of the earlier notions on surplus dumping through McNary-Haugen or other devices, or cooperative marketing as advocated by Aaron Sapiro, or price-fixing as urged particularly by the Farmers Union, I think it was.

I remember though that the conference culminated in a reception at the White House, where we danced in the East Room that evening. [Laughter]

Chall: Is that right? All the members of this farmers' conference...

Erdman: Oh they had a mob of them there; the only time I ever shook hands with President Harding. [Laughter]





- Chall: You were in the White House for a social event and that's something to look back upon. Was the Department of Agriculture small enough at the time so that you had a feeling about Secretary Wallace? Did you ever get a chance to meet with him, or be in on meetings with him?
- Erdman: Well, I was at some meetings with him, some luncheons and things of that sort with him. Well, I would, acting as chief of the division, you see, I would be included. In other words, there were about half a dozen of us who were chiefs of divisions under Dr. Taylor. And so, if there were any meetings that brought together some of the larger groups, we'd get into that sort of thing.
- Chall: And what kind of a person was he?
- Erdman: I couldn't characterize him at all except that I thought he was just one of these solid, level-headed sorts of citizens, lot of ideas.
- Chall: Did he have many ideas of his own in terms of gathering and using data, was he willing to let new ideas be used?
- Erdman: Well he had been editor and publisher of Wallace's Farmer, and so you can guess that he had ideas on the farm problem, and an idea of what the farmers were thinking about. And it was in that connection, for example, that he wanted this cost-of-marketing livestock done. And he was very much interested in this outlook work that Taylor was developing. Incidentally, he and his father, I think had known Taylor very well as a young student, as I remember it, so there was pretty close relationship between Taylor and Wallace. I don't know whether I have any characterization of him, other than that.
- Chall: What else new was going on, that you recall?
- Erdman: Well, I've discussed the main things that were going on at the time. As far as I would know, I didn't get into any of the policy making things. What was going on in connection with transfer of activities from one division to another would be done at a level that didn't



Erdman: bother me at the time. I wouldn't be involved. It would be between the Secretary of Agriculture and Taylor, let us say, as chief of the Bureau of Agricultural Economics.

#### LIFE IN WASHINGTON, D.C.

Chall: How did you like Washington, as such, to live in--you and your wife?

Erdman: Well, it was very interesting. We had a year-and-a-half old girl to cart around and Mrs. Erdman would get on the little red car out on the Virginia side and bring her into town and she'd be near my building when the time came to quit work, and we'd hustle downtown and do some shopping, or we'd just go and see something. Or on a half holiday or Saturday afternoon, or Sunday, or any holiday, we'd get on the streetcars and ride around. We could fold this little buggy up and take it with us, or I could just lug the girl around where it was necessary.\*

Chall: So you found Washington a lively place.

Erdman: Well, we found it very interesting. For example, while an international conference was in session, one Saturday noon, Mrs. Erdman wanted to go past the hotel where all these celebrities were meeting. So we walked through the lobbies and thought we saw a few delegates whose pictures were in the papers. Then we climbed onto a Pennsylvania car heading for the Capitol, and who should get on and sit down right across the aisle from us but William Jennings Bryan.

Chall: Oh, you couldn't miss him, could you? [Laughter]

Erdman: [Laughter] No. Well, I'd heard him speak many times, and at that time, you see, he was just fresh out of the Secretary of State's office as I remember. Don't know what he was doing in Washington, because he obviously wasn't secretary any more, but there he was, and we rode as far as he did. He got off at the Capitol and went in somewhere.

Chall: An appointment, perhaps.

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\*Professor Erdman's daughters are: Margaret Lee Erdman (Mrs. A.J. McKillop) born July 1, 1920. Martha Irene Erdman (Mrs. R.J. Lyons) born December 21, 1925.



Erdman: An appointment, or just stirring up something. But anyhow it was interesting to see people and to ride around like that. We saw a lot of Washington. And then of course there were also some former friends of Columbus or Wisconsin days, former graduate students at Wisconsin.

Chall: Did your wife work at the time?

Erdman: No. The only time she worked was in Columbus for a little while when she worked in the crop estimating office during the tail-end of World War I.

#### DECISION TO TEACH AT UNIVERSITY OF CALIFORNIA, BERKELEY

Chall: What prompted you to leave the government? I remember last week you told me that people going into agricultural economics expected to be teachers, and most of you were, but it seemed that this particular opportunity in government opened up a new field for people in agricultural economics.

Erdman: It did.

Chall: But you apparently chose to go back to teaching. Was there any reason for that?

Erdman: Well, I had expected to go back to Ohio, and I really played them a dirty trick, as I look back on it, by leaving so abruptly, but I don't know what else one can do. This is what seems to happen so many times. It gets to be rather late before any decisions are made, and the decision not to go back to Ohio didn't take place till--I was going to say, some time in May. I don't recall just when, but that's pretty late for Ohio to get going again. And anyhow, when the idea of coming to California came up, I was of course interested.

Chall: Someone approached you?

Erdman: Yes. I think Dean Hunt must have been the one that approached me first, telling me that they would have an opening. And at any rate, apparently Taylor recommended me and arranged to have me meet Dean Hunt, and then I heard nothing more about it really until I heard from Dr. Mead, asking me if I by any chance would



Erdman: be interested, and I told him I was interested in knowing more about it. The result was that I had a rather glowing picture of the situation here in California from the point of view of the possibilities, with no inkling of some of the funny things I would run into. And I didn't ask all the right questions.

Chall: If you had asked all the right questions, do you think you would have gone back to Ohio or stayed with the Bureau of Agricultural Economics?

Erdman: Well, that's pretty hard to say. At that time, I think I would have stayed in Ohio had I known, but I have never regretted coming, except momentarily when things didn't look right. [Laughter]

Chall: Well, we can get into that next time. The feeling I have then is that you really preferred to go back to teaching. Were you at any time offered the opportunity of staying in Washington permanently?

Erdman: That wasn't discussed. I was pretty sure at the time, judging by the attitudes, that I would be, but I had, as I can recall now, definite intentions of going back to Ohio. We liked it there, had bought a home there, and I was interested in the teaching end of the work, and really had no intention of staying in Washington. And I don't know whether Taylor had any idea at all of trying to keep me or not.

I think for one thing they were beginning to think of changing that division [Cost of Marketing] into some other line of activity. And as a matter of fact, a recommendation that I made when I was leaving-- I don't know whether it had any bearing on what happened afterwards--was that the emphasis be shifted from cost approach to a business administration approach, questions of how businesses are run and an analysis of how the marketing system works, rather than the approach they talked about of getting the cost of each individual item or each individual operation as a basis for decision.

Chall: Was this subsequently done?

Erdman: Well they changed... They discontinued the unit cost approach, really.

Chall: Which you didn't think was adequate, ever, as I recall.





Erdman: Well, ever is too far. As I was getting into the thing, at each turn that didn't seem to be the way to get an answer. Also I had become interested in California cooperatives, partly as a result of my work on milk marketing, and my correspondence with Weinstock [Harris], and reading some of the claims made by some of the people who were pushing cooperative milk marketing and reading then of what else they were claiming to do. Then I had heard Sapiro [Aaron] on one occasion only, but had talked to some of my grain cooperative friends in Ohio about their reactions to Sapiro's ideas as he had outlined them in 1920 when he made that famous speech at the Farm Bureau Federation meeting. All that made California sound rather glamorous from the point of view of my interest in the cooperatives. That's the thing that appealed to me: that I would be working much more largely with cooperatives, and these were rather large cooperatives. Those I had read about and those that were being organized promised to be better. So good that I couldn't believe it.

Chall: [Laughter] I see. So that when you were approached by Dean Hunt and later Dr. Mead, you were favorable to the idea of coming to California--about really coming out and being a part of this whole new movement.

Erdman: At least seeing what it was like.



#### IV THE UNIVERSITY OF CALIFORNIA, 1922-1969

Chall: I thought we'd start talking about your years with the University. This is going to be a rather long sequence, this whole period of nearly fifty years in the University, so we'll just take it slowly.

Erdman: I won't cover all of it.

Chall: [Laughter] No, you won't. Well, do tell me how you began your work in Berkeley because it seems to me it was an interesting episode in your life here.

#### ARRIVAL IN BERKELEY

Erdman: Well, think I might as well start with the Sunday I arrived, July 2, 1922. It was one of those hot rides through the Sacramento Valley on the Overland, and I began to be very uncertain as to what kind of country I was getting into--after having read about the flowers and everything--while we were going through that desert-looking place up there before Sacramento. Well, then, I couldn't believe the young fellow who was my seatmate for awhile that as soon as we crossed the river at Contra Costa, I would want to put my coat back on. Well, it was true. It was one of those foggy days.

After registering at the Carlton Hotel on Telegraph, I had lunch somewhere and then decided to walk through the campus and look around. The campus had been described as one of the three most beautiful in the United States, the other two being Wisconsin and Cornell.

Chall: Both of which you'd seen.



Erdman: I'd seen both of them, yes. And then I walked up Euclid and was interested to see the number of geraniums as ornamental plants around the houses, and the old brown shingle-covered houses which I didn't realize at that moment, within three years, would be burned up.

Anyhow, the next morning I got up and went to the campus, looked up Dr. Mead's office. I had not received his letter stating that he would be in the Hawaiian Islands for a couple of weeks, but that he expected to be back. But he wasn't back and the secretary, when I asked whom I could talk to about what I was to do, where I was to sit and whatnot, she suggested that I see Professor Camp [William]. Well, I really hadn't heard about Camp at all; he had been in North Carolina, and I hadn't followed that particular area's development. At any rate, when I found him, he greeted me with a cold stare and then, as I can remember, he said, "Oh, you're the man who is to take my place. Well, there's no place here for you, so you'd better pack up and go back to where you came from."

Chall: Well, that's a nice greeting. [Laughter] New professor.

Erdman: Well, anyhow, I wasn't about to do that. At least not without getting an explanation from Dean Hunt, to whom I went, and he wasn't very informative. He merely informed me that there had been a misunderstanding, but that matters would be adjusted and I was to stay. That was definite. I was given a desk in Dr. Mead's office till he arrived and made other arrangements, and I located a house to live in. My wife wasn't coming for another few weeks.

Anyhow, when Dr. Mead returned, I still was not told what had happened. He did tell me that Camp was insisting that he was entitled to teach the courses he'd been teaching. Dr. Mead wanted me to teach a competing course along cooperative lines, as he had thought of it. I suggested an alternative: to let me get acquainted with the state by getting around some and getting acquainted with organizations and people. About that time, a telephone message came from Dean Hatfield [Henry R.] telling him that their man who had been teaching Econ 123, the marketing course, had just left them in the lurch and would I be interested in teaching that? Well, I was, and that



Erdman: took care of that semester: class of about 120 students; that kept me busy.

Chall: In the Economics Department.

Erdman: Yes. But it was scheduled, oddly enough, in room 113 of Agriculture Hall. Anyhow, during the second semester I got around over the state, that took care of that. I never really did know the whole story about the Camp affair. Camp had been brought here late in 1919 to teach and to carry on research and presumably to do some Extension work.

Chall: What was he teaching?

Erdman: Some courses in marketing. About all I learned was that he was considered wholly unacceptable to the administration, that is, especially to Dr. Mead and to Dean Hunt. And both told me in various wordings, upon my arrival, that Camp was proving unsatisfactory in any one of the three fields he was to perform in: teaching, research, or Extension. And that he would not be retained. I recall then also that a representative of a large cooperative, when I first met him, told me that I was very welcome to come in any time, call on them for information about the organization, but, he added, quote, "Don't send Camp." I never did know why.

Chall: Is that right? Could you tell from your own meeting with him...

Erdman: Well, he was apparently not diplomatic and apparently not sufficiently clear in his explanation of what he wanted. I don't know. He just didn't get along with them somehow or other. But clearly Dr. Mead and Dean Hunt and President Barrows, who had by that time succeeded Benjamin Ide Wheeler, expected Camp to leave when they engaged me in the spring of 1922.

I had met Dean Hunt in Washington, probably in February; then it was during March, I had exchanged letters with Dr. Mead about the job, and then had a visit with him when he was in Washington during a trip with a commission on agricultural education and the University. Even as the first year went on, Dr. Mead was clearly confident that Camp would be leaving at the end of that year, the spring of 1923. Toward spring, Dr. Mead was asked to go to Australia and he





Erdman: made plans for a round-the-world trip to visit not only Australia, where he'd helped establish some irrigation and resettlement projects, but to visit India and Indonesia, I guess it was, and Egypt I think. Anyhow, he planned to visit those places and to leave his assistant, Dave Weeks, to handle his course during his absence.

Camp had apparently gone immediately to the Committee on Privilege and Tenure of the Academic Senate and this had overruled Mead and Hunt. Camp seemed to have known it before I saw him. Mead certainly knew it by the time I got to see him after he got back here, and Hunt must have known it at the time he talked with me, but didn't want to tell me at the moment what the whole story was.

Chall: That was in July, 1922, right after you'd arrived. I see. They all knew.

Erdman: Yes. Yes.

Chall: How embarrassing.

Erdman: But as I learned later, the Camp controversy dragged on until some time in the middle of 1924, at least; I don't have a clear ending date.

Chall: He remained on the campus then for a couple of years.

Erdman: Well, he continued to teach. I don't have the exact date at the moment. But then he stayed in California, had a job with a San Francisco bank for a little while, I know. And then soon afterwards he died.

The Division of Rural Institutions consisted of Dr. Mead and Dr. Camp when I arrived, and I was number three man, and David Weeks, as a research assistant was number four in sequence, and then, in August, Sherwood Shear was brought in to teach at Davis. Although I was acting in charge of the division when Dr. Mead left, I was not acquainted with budget arrangements nor with other arrangements, let's say, for instruction at Davis, and so on. So I was surprised and shocked when, a day or two after Dr. Mead had gone off on the big boat sailing for Australia, Dean Hunt called me to say that he had just returned from Davis and that we would have to let Dr. Shear go because he was proving unsatisfactory, that is, so far as his teaching was concerned, at Davis.



Erdman: Well, I demurred on grounds that it was rather late in the year, middle of May, to be telling a man that he was not to be retained, and suggested that we bring him to Berkeley to have him do research here for the next year instead of just telling him he was through. And well, he didn't demur at that at all; he let it go through that way, and I thought that everything was settled.

Incidentally, Shear happened to have come here within a month or two after I did. Shortly after Mead's return from Hawaii he had told me that "we" needed a man at once--a man who was trained in agricultural economics and who could teach a course at Davis, which would be labeled Rural Institutions 1A-1B, but which was to be a counterpart of Econ 1A-1B on the Berkeley campus, but "with an agricultural adaptation." When he asked me to recommend someone, I suggested he write to Professor Hibbard at the University of Wisconsin, since I knew that the agricultural department there had a number of advanced students. Hibbard recommended Sherwood Shear who had just passed his qualifying examination and had nearly completed his thesis on land settlement in northern Wisconsin. Well, that sounded interesting.

Econ 1A-1B is in the department of economics at Berkeley, but our students were expected to take that. The new course was to be the equivalent at Davis where the department of economics was not represented. At Davis, we gave it the other label--Rural Institutions. The economics department could, I suppose, have made the same arrangements, but apparently the College of Agriculture had the money, and so it handled it. I don't know what the political background of that was at the time.

Chall: And did they feel that Dr. Shear was not a capable teacher?

Erdman: Well, he had had no teaching experience, and, as it turned out, he faced some degree of prejudice against "economic theory" on the part of the so-called practical minded students who were impatient with the theorizing when they were working on practical problems. So I rather felt that that was part of our problem. Anyway, Dean Hunt agreed to transfer him to the Berkeley campus to do research.



Erdman: Then, about the end of May, I got another shock. Word came from the Dean's office that Professor Camp would be retained with full status to continue teaching for the next year, and that therefore there was no money to carry out Dr. Mead's recommendation to promote his research assistant, David Weeks, to a full-time position. I learned later that the Academic Senate had ruled that Camp's discharge had violated its tenure provisions. Fortunately while I was wondering where we could turn, Weeks had followed up a contact he had developed during the previous year with the Federal Land Bank, and an arrangement had emerged which put Weeks in charge of a research project to which Rural Institutions contributed some money and the bank did the rest for that year.

Chall: And then could he work on the campus here?

Erdman: Yes. We retained him in that way. It meant, however, that other arrangements had to be made for the course which Dr. Mead had outlined for him for the next semester. And I don't recall just how it was handled.

Anyhow, uncertainty, so far as I was concerned, continued. About the time Dr. Mead was to return from Australia, January, 1924, the Secretary of the Interior had called for help on the national problem of land settlement, in connection with some of the irrigation work, and soon Dr. Mead was on leave again, this time to go to Washington: Acting Commissioner of Reclamation, or some such title I think it was.

While this was up in the air, another uncertainty came up when I learned through one of these so-called leaks--that Dean Hunt was stepping out. It was first denied at his office when I inquired, but very shortly turned out to be true. He resigned as of June 30, 1923. Dr. Webber [H.J.] came in at that time as acting Dean.

Chall: What was your feeling about Dean Hunt in the couple of years that you knew him here?

Erdman: Well, I wonder if I couldn't cover that better by going on and discussing what I was thinking of discussing, which was the situation of the whole college as I saw it at the time, mainly looking back now.

Chall: That's fine.



## EARLY CONTROVERSIES IN THE COLLEGE OF AGRICULTURE

Erdman: There's been a long-standing, long-smoldering perhaps I should say, controversy between the agricultural group and their farm backers and the academic group on the campus, which really erupted, I think I would say, in 1921. But anyhow, this had gone back, way back to the early days of the College. A third of a century earlier when the College was established, farmers complained that the only professor of agriculture who had been appointed--and this was a land grant college--had no land to use at all. His operations were crowded into the north half of the basement of South Hall, which had been, I understood, intended as an agricultural building; you can see on the walls under the vines, whenever and wherever they're pulled off, there are ornamental reliefs of grape vines and other fruit and grains.

Chall: I've noticed them.

Erdman: I haven't looked for a long time. I saw it a long time ago. Well, out of this controversy, by 1905, the proponents of a separate school or more land, had succeeded in inducing the legislature to appropriate the money with which a piece of land was bought at the little village of Davisville, later called Davis. And soon after, some teaching was developed there, especially for a farm school.

Now, the establishment of the whole system of land grant colleges and the Experiment Stations by later appropriations, and in 1913, the Agricultural Extension Service, all had provided for the allocation of substantial federal funds to the states, mostly I think, on a population basis. At any rate, they were for a specific use.

Now that use was often to include buildings, and farmers of the time were critical again of facilities that were only little used for agricultural purposes. In Berkeley, for example, there was a great deal of criticism by some of the fact that the planting of what land was available was in charge of an English gardener; and it was done under the supervision, not of the agriculture professor, but of the man who was secretary of the board of regents. That kind of thing was brought up repeatedly. Thus the agricultural leaders had advocated the development of science to bear on the





Erdman: agricultural problems. In 1912 federal legislation providing for extension work was to bring such knowledge to the farmers of the state. And on the local level, that is, within the state, Dean Hunt held that the purpose of the College was the development and diffusion of knowledge. One basic element in the controversy centered on his interpretation that teaching farmers was as truly teaching, as that done in the classroom. So, among other things, he proceeded to have the new Extension workers who were appointed as county agricultural agents given the title of professor. This matter was brought to a head in part by the appointment--bringing on the scene--three very active and aggressive men. One of them, Dean Hunt, quiet, unassuming chap, who brought in Professor Crocheron to develop the Extension work...

Chall: Hunt brought him in.

Erdman: Yes. And Dr. Mead, who had been affiliated for years with the public works department of the U.S. Department of the Interior, which was developing the irrigation which in turn had brought up land settlement problems.

Chall: Who was the third one? Did you say there were three men brought in by Hunt? Or three men, including Hunt, who were brought in? Crocheron, Mead, and...

Erdman: I said, the coming onto the scene of three aggressive men.

Chall: I see. Hunt being one? Crocheron, another; and Mead, another. So the coming on the scene of Hunt, Crocheron and Mead brought the problems that were undercurrent, to a head, is that it?

Erdman: Yes. Well, this is about where the thing stood. Dean Hunt and Professor Crocheron between them had tried to formulate their criticisms for presentation, I take it, to the legislature, when the thing was up again for the whole question to be settled some way or other, in about 1920 and '21.

Chall: When you say the whole question was to be settled...

Erdman: The functioning of the College of Agriculture with regard to teaching, research, and Extension. I think it was Dean Hunt who stated that the policy of the College of Agriculture has been to ask three questions



Erdman: when they want to employ someone: First, does he know his subject? Second, is he an inspiring teacher, or a profound investigator? Third, does he get along well with other people? And the Academic Senate, he pointed out, has a rather different basis of selection and advancement. The outer manifestations, to use his language, is the degree of doctor of philosophy. The senate, he said, has sought to apply that basis to all the colleges of the University. The essential difference between the two viewpoints is that the Academic Senate places its emphasis on scholarship, while the College of Agriculture emphasizes ability to render the service required.

Chall: That's quite a difference of opinion, isn't it?

Erdman: Well, he went on to point out that the academic test was not applicable to agriculture and, that as the situation faced him, he had to meet a rapidly increasing demand for trained man. He argued that if you take a man who has graduated in the modern college of good standing, who has a background of farm life, at the age of a typical college graduate, he is ready to step into a county agent's office and, under tutelage of an older man in the region, let us say, to advise farmers on their technical problems as they come up. Everyone agreed that you needed to have such a man responsive to the administration in connection with his subject matter, the assignment, and all that sort of thing, and to say that immediately a man has tenure was one thing to which apparently the agricultural group objected. That didn't come up in that way, at the time, but that sort of thing was involved, and that was, he contended, a fundamental difference. Now, the stumbling block seemed to be, mainly, as I can see it now, that he had carried along with this notion, the notion of comparable titles.

Chall: Yes. Comparable to the academic titles.

Erdman: That's right. Comparable to the titles used in the academic sphere on the campus. So what was ultimately developed was another title category so that status could be indicated without down-grading the teaching of farmers, but which tacitly acknowledged the contention that it was a different job to get out there and work with farm people and answer questions than it was to run the classrooms on a campus as they were ordinarily conducted. And of course the farmers were also critical of the emphasis on subject matter;



- Erdman: they were interested in practical science and not in the pure science, and some people seemed to have an odd notion that you could define things that way.  
[Laughter]
- Chall: This was quite a struggle, I can see...
- Erdman: Well, it led to trouble. They finally developed something like calling them agriculturists. Anyhow, satisfactory categories were worked out after a while. But, as I said--in the early stages--there were some farm advisers around even in my day who had the title professor.
- Chall: But they weren't academically trained.
- Erdman: All had at least a B.S. degree. The main points were the above three, plus the giving of the professor title to a farm adviser, or any non-teacher.
- Chall: Now it looked as if Dean Hunt's general idea about the College of Agriculture was that it be just one large Extension Service in a sense.
- Erdman: No, he was interested in the whole unit. He was director of the Experiment Station as well. That involved research. But he was interested in the public service aspect. For example, I understand that it was during his early years that he stopped a practice which had developed in some instances of charging farmers for personal service when staff members advised them on their individual farming operations. It was the understanding of Dean Hunt that the federal appropriations for these activities were intended to stimulate the adoption of modern practices in agriculture for the farmers' benefit and that of the public, and that's what they were being paid for.
- Chall: Then if Dean Hunt left, there must have been some reason why. Did he lose out to the academicians?
- Erdman: I'm not saying that he lost out. He came here in 1912. He'd been here for over ten years. By the time he left the dean's office he had built a fine staff. He was not a young man and he died a year later of a heart attack. And I think the work pressure made him feel that some younger man, maybe, should take hold.
- Chall: So, his leaving didn't resolve the problem.



Erdman: No, he stayed on, but as professor of agriculture. And it didn't settle the problem of course, though it did in a way. Now I mentioned a statement by Dean Hunt. President Barrows took sharp exception to that in support of the Academic Senate. I ran across a statement by Barrows to the effect that he was not in the office to break up the union by means of letting the College of Agriculture break away from the University. At another time he made a statement in which, I thought, he suggested that maybe it would be better to have a complete break and let them run a separate institution.

Well, let me go back just half a second on another thing. Along with Dean Hunt's argument, I ran across a statement somewhere by Professor Crocheron. It was an undated memo, apparently for Dean Hunt, or for the committee, in which he referred to the need that certain divisions should be "in close touch with" the fundamental sciences, and since they need office space, but not land, these, which are now designated as rural social economics (which was the new curriculum title that they had just adopted at that time, early 1922, namely the divisions of Agricultural Education, Agricultural Extension, Farm Management, and Rural Institutions), should be provided with an adequate building. And interestingly enough, he described the location of Giannini Hall for that purpose as the counterpart to Hilgard Hall. This was clearly written in early 1922.

Along with this, he argued, should be housing for a group of farm organizations. They already had in such an arrangement the Land Settlement Board's office, of which Dr. Mead was the head, and the State Farm Bureau was in some other offices, so as to be conveniently located in connection with the Extension Service.

It's generally recognized, I believe, that the Farm Bureau actually grew out of the needs of the Agricultural Extension operations. Because the College needed committees of farmers in the various counties so that a farm adviser stationed there could quickly call a meeting in a locality, a township, let us say, or a corner of a county, or on the basis of a commodity when a problem came up like spraying crops or treating some insect pest which was intruding.





Erdman: Anyhow, very quickly these local people, following a national pattern of that sort, began appointing these committees of leading farmers. And then of course the stage was set for these to organize and elect a chairman and pretty soon you had a county Farm Bureau. And this was very definitely tied, you see, to the farm adviser, called county agent in most states.

This took on an interesting slant very shortly in the Farmers Union and the Grange. Both organizations at different times and through different leaders, raised objection to this close affiliation. I had run into this myself, both in Ohio and when I first came to California. In Ohio, in one corner of the state, the Farmers Union was strong; in the extreme northern edge there were some Gleaners, another farmers' organization. And it was said at that time that Ohio had more granges, more local granges per square foot than any other area in the country. I've forgotten how many. There were nearly eight hundred, as I remember, local units. Anyhow, there were a lot of them.

I'd get into this when I went out on some of the speaking trips and have to sit in the anteroom till the meeting opened and all their falderol of a secret organization was completed, and sometimes a committee would examine me because I had become a member of the local grange on the campus. I willingly joined to see what in the world it was all about. Anyhow, I'd have to wait until I was examined, unless I'd previously spoken there and had gone through that processing, or wait until the meeting was open to the public before I could speak.

Some speakers would be irritated at having to sit out there waiting. Anyhow, it was not as convenient as the Farm Bureau, which was just a loose organization brought together for this particular purpose and no other, at that time.

Chall: But Mr. Crocheron wanted them really attached to the University?

Erdman: Well, he thought this building would be a good idea.

Chall: How was that received, do you remember?

Erdman: Well, I don't know that it was ever received.



Chall: I see, it was just his memo.

Erdman: It was a memo. I don't know whether it ever got anywhere. I've never seen any discussion of it.

Chall: Well, it's an interesting point of view.

Erdman: It is interesting, but I give it as an indication that they were pretty serious about what they were talking about.

I wanted to talk about the appointment of this special commission that brought Dr. Mead East to make a study of agricultural education. Their study was published as the Report of the Special Legislative Commission on Agricultural Education, authorized by Assembly Bill 1335, of the Twentieth State Legislature, and published in 1923. I was just going to comment a bit on the background of that commission. This bill, which went into effect August 2, 1921, provided that the governor was authorized and empowered to appoint a commission to make this study and appropriate ten thousand dollars or something like that for this purpose. The committee appointed by the governor included several people I should mention here. One G. Harold Powell, then general manager of the California Fruit Growers Exchange, Dr. Mead, and Robert G. Sproul, then comptroller of the University. Powell died of a heart attack shortly afterward and was replaced by A.C. Hardison of Santa Paula, who became chairman. Hardison was, I think, at that time president of the California State Farm Bureau Federation. And then along with them also went, by their invitation I suppose, Robert N. Wilson, who was the executive secretary of the Agricultural Legislative Committee, now called the Agricultural Council.

Chall: So this shows that there was quite a bit of concern about the teaching of agriculture.

Erdman: Very definitely. I had none of this background at the time. I learned from Dr. Mead that the commission was in Washington, D.C. to study aspects of agricultural education and research. I was given Dr. Mead's and Dean Hunt's enthusiastic impression that this was a very successful trip and that the commission had established the fact that it's very important to maintain the College of Agriculture as a part of the University with its core of basic science. They



Erdman: pointed out that the outstanding universities were of that type, and added that wherever you had another situation, such as they saw at Oregon, for example, or in some number of other relatively weaker states where the college was separate, there were constant rivalries and jealousies, which prevented adequate support of either of the institutions.

Well, among the recommendations of this commission was a recommendation that this unity be maintained here at Berkeley, but that some weak spots needed correction. They wanted some system of facilitating animal husbandry and agricultural economics--I don't quite follow that one--and perhaps agronomy, where they needed facilities like land. They recommended getting out and buying land within fifteen minutes, they called it, of Berkeley. To have land so that this teaching could be done, so the students could be gotten out there, and all that sort of arrangement.

Chall: And of course they had the land in Davis.

Erdman: Well, yes, but that was an hour and a half's ride at that time, at least.

Chall: And they were still planning to maintain two kind of separate agriculture colleges?

Erdman: Well, Davis was really thought of at the time as a farm school, as distinguished from a College of Agriculture. Boys were enrolled there on a vocational basis, without any collegiate status, and mostly in short courses. Anyhow, that was the notion they had there.

Well, it was interesting that when Dr. Mead had been back on the job here and was getting ready to leave on that Australian trip in the spring of 1923, he wrote a confidential letter to President Barrows in which he expressed the feeling that the very thing that they had feared was happening: that the University had not gone ahead and bought any land, as it should be doing, that divisions were now gradually shifting their basis of operations from Berkeley to Davis, that already several divisions were going and would shortly move everything there. Many of the members of some of those groups, he wrote, foresaw that they would have here all the bad results that they had in the other states which were hindered by that kind of development: that we'd have the squabbling over legislative



Erdman: appropriations, the jealousies between departments that arise under such circumstances, and above all inadequate basic science. And he thought it would be disastrous. That was his last message on that occasion to be given to the president.

Chall: [Laughter] You really came into a hornets' nest, didn't you? Unbeknown to you...

Erdman: Unbeknown. It explains later on some of the thinking that happened and some of the reactions I ran into, but it didn't bother me much at the time because I had grown up with that kind of thing. In my own college days, I remember the notion which had come up in a quotation by somebody that "there is as much culture in a beet root as there is in a Greek root, or a mathematical root." [Laughter] Well, that was about the time I quit studying mathematics, which I should have continued a little longer as I saw it later, but anyhow that was the prevalent attitude. The prevalent "country life" idea was tending to sweep much classical education out...

#### SELECTING FACULTY AT DAVIS

Erdman: You asked about the relations between Berkeley and Davis. For a number of years we had courses at Davis given by new men, this one, Rural Institutions 1A-1B, for example; then another time, we had a course in marketing, then Farm Management had been given up there. So all of that meant that we had work at both places. And so far as my own immediate interest was concerned, I had first of all tried to pick out people to teach Rural Institutions 1A-1B, and then later, someone to teach the marketing course, Agricultural Marketing.

Chall: Now apparently you had to be careful about the selections you made, lest there be student rebellion. Did you have to try again?

Erdman: Yes. Anyhow, I felt they were rather critical there of anyone, and we didn't have the money with which to go out and hire the kind of people we thought would be needed. There was a demand all over the country for young fellows with any kind of training. And we gave





Erdman: Shear a second chance up there, and then again, they weren't satisfied.

Anyhow, about this time I had recommended Harry Wellman for a position on our staff to teach at Davis. About the time he had completed his dissertation, Professor Crocheron, Director of the Agricultural Extension Division, had come to me and asked me whether I wouldn't release him for a position in the Extension Division. He had talked to Wellman and Wellman had talked to me. I had encouraged him to take the job Crocheron offered. Since I was planning to go east that summer (1925) to teach a course in cooperation at the University of Pennsylvania in connection with the first session of the American Institute of Cooperation, I had routed myself through St. Paul and Madison, Wisconsin, both places where I thought I could interview possible replacements for the job I had thought Wellman would take at Davis.

And on my way east, I stopped at the University of Minnesota to talk to Professor Black about the possibility that they might have someone there who would meet the need at Davis. Black recommended Emil Rauchenstein with whom I soon made tentative arrangements to come to California. Then, about the time I was part way across the country, I learned from Dean Merrill, who was on the job by that time, that other arrangements had been made for Davis and I was to forget that. So I wired again: "Arrange for Rauchenstein to go to Berkeley; we need him there for research." And to my surprise, that went through.

In the meantime, some other arrangements had been made without my knowledge. Professor Voorhies [Edwin C.] was a young animal husbandry man who had been brought into the dean's office as assistant to Dean Hunt. As of the end of 1923, he was given leave of absence to take a year trip to Denmark to study at the university there. And he was interested in agricultural economics, so he interested himself in agricultural cooperative developments in Denmark. At any rate, in the dean's office, it was decided that he would be assigned to the Division of Rural Institutions when he got back.

Chall: At Davis?

Erdman: No, at Berkeley. He was here. He was a bachelor, so



Erdman: he was free to go either place, but it was here at the time. Well, so on the trip that summer, while I was in the east, I made arrangements to meet Voorhies at the shipside when he landed in New York and spent a day or so there with him, visiting some of the people I knew who were doing research. I had, in the meantime, also spent a couple of days at Washington in a conference with a group working with a subcommittee of the Land Grant College Association's "Joint Committee on Projects and Correlation of Research." I'll have more to say on that later, I think.

I wanted to meet Voorhies because I wanted to talk to him about research. I also wanted Voorhies to meet some of the people I knew there who had been doing, what I thought, was outstanding work. I was particularly interested to have Voorhies meet Walter Hedden, who was writing a book on How Great Cities Are Fed, which was to be a counterpart of my book on American Produce Markets then just getting underway.

Chall: Did Walter Hedden finish his?

Erdman: Yes. He had done some very interesting work on price analysis in the New York market and other things descriptive of how the market functions. I wanted Voorhies to meet him.

We met him and also met Earl Benjamin, who was then manager of the Pacific Egg Producers--I think that was the exact title--an organization which had been set up by the Pacific Coast egg marketing associations to handle their eastern business. California was on an egg export basis in a big way during that decade. Since I had thought that Voorhies might be interested in poultry marketing and the poultry situation, I wanted him to meet Benjamin there. We spent a little time with him and talked about the possibility of getting additional data, and learned about their operations. Then Voorhies went with me to Philadelphia and spent a few days at the Institute sessions before returning to Berkeley.

Chall: And then did he go into work in the poultry-egg field?

Erdman: Yes. He had been a major in animal husbandry--matter of fact, had taught in the animal husbandry division before he went to the dean's office. So that he had



Erdman: that background and topped it off with this study of economics in Denmark, and then topped it off with a couple of quarters or more at Stanford later on.

Chall: And then when he came back and was teaching Rural Institutions 1A-1B, was that the course you had been teaching, was he replacing you at that time?

Erdman: No. My courses were the marketing and cooperation courses. I don't recall just when we introduced the course that Voorhies taught, which we called Agricultural Economics 1, a background course. Later he took over the course that Dr. Hunt had been teaching after he retired from the deanship, Course 100.

Now, all the way through, I was saying, we had difficulty getting people lined up for Davis.

Chall: What was the pay like? Or was it isolation that made it difficult?

Erdman: A combination. Mainly it was pay, really, come right down to it. But anyhow, we sent a number of young men there, and one young woman, in succession who were just completing their graduate work. Mostly, they were just too good to stay at what we could pay. They were in every case, I recall, inexperienced as teachers. Some of them, I thought, were particularly good. Some of the best students we'd had here at that time.

One was Don McMillen, who was soon to be managing the lemon processing aspects of the California Fruit Growers Exchange. He got along well at teaching but was a bit restive up there. So when he had an opportunity to join the California Fruit Growers Exchange, I encouraged him to take the job; he has stayed with that becoming manager of the lemon operation.

Then in the early thirties it was Kenneth Galbraith, who's now at Harvard, and has made a name for himself otherwise. He was up there for one or two years. And then a girl named Alice Williams, now Mrs. Jewett who still lives at Davis, did a very good job at teaching but was lured away by a better job.

Chall: They were teaching the basic economic courses? It was still a problem?

Erdman: Yes, they were teaching that and were also teaching a



- Erdman: course in marketing, which was a counterpart of what I was teaching at Berkeley.
- Chall: That would have been important to the farmers there. Wouldn't they have accepted such courses?
- Erdman: Yes. But then, the last one of our graduate students, so far as I had anything to do with selection of faculty at Davis, was George Mehren, who went up there, and he really put economics on the map up there. He could really make a course interesting. He carried with him an idea I'd developed at Berkeley of taking the class on a trip to visit some of the markets each year. I recall going with them on one such bus trip which utilized the two-week Easter vacation. It included businesses and market situations in and about San Francisco, San Jose, Petaluma, and Sacramento.
- Chall: I see. Well, it made the subject real to the students.
- Erdman: He was a very good mixer with the students; he was just finishing his degree work here. Anyhow, that's about where my connection with Davis ended.

#### CLAUDE HUTCHISON

- Chall: Now, during this period, Mr. Hutchison came to Davis as dean.
- Erdman: He came to Davis in 1922, and left at the end of 1924.
- Chall: Did you feel that his presence there brought about some kind of change and began to solve the problem of the academic versus the non-academic people?
- Erdman: Well, that's a loaded question. I think his attitude was objective. He was one who doubtless sided with the fundamental group. I don't remember his participating in any of these things with which I had anything to do at the time, '22 to '24. I just met him and knew him slightly.
- Chall: Then you were in kind of a limbo position here yourself.
- Erdman: I was in what you would call limbo, I guess, and had no policy-making opportunities at all at the time.





Erdman: My ambitions for the division, the growth of it and so forth, were just beginning to emerge as I felt we needed to have a core of better men. I was very much with his own point of view as I read about them in his talks here, and as I began to understand it after he came back here as dean.\* He was interested in the development of the fundamental approach to problems, as contrasted with the notion, which apparently some of the people had, that you had to have--oh let us say--specific courses on the grading of beef cattle, and on the feeding of horses, the feeding of cattle, and so forth. And instead of going at it from that direction, he preferred that emphasis be on the basic notions of genetics, nutrition and so on.

Chall: The scientific approach.

Erdman: The scientific approach, yes. Which is what the other people would miss if they just gave the students the practical applications. This is what most of the students thought of at the time. Their dads wanted that. And they expected immediate results. And of course the young man would come home without a broad enough understanding of farm management. A foreign student one time told a group here, that when he had graduated at Cornell and went back home (in the Near East), he recommended to his father, who had a large farm, that they should get a combine. Well, he said, I didn't know enough about the operation of things like that to know what would be involved, but here we got this great big machine. Well, they got it into the field and everybody was interested in seeing this wonderful thing work; in about two days the whole crop was harvested and nobody else had a field big enough to use it. So the machine stood there after two days of operation. The people who would have harvested the crop were idle, and had earned nothing. So then pretty soon the machine was discarded. Well now, that's the very extreme of what some of these farmers were saying: This is what they teach at the college.

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\*Claude B. Hutchison, The College of Agriculture, University of California, 1922-1952 (Berkeley: Regional Oral History Office, 1961).



## ELMER D. MERRILL

Chall: H.J. Webber was acting dean for a short time after Hunt left and then Mr. Merrill came in for a few years. Do you have any recollections of Dean Merrill?

Erdman: Well, I knew him. I worked with both of them of course. Dean Webber had been an administrator as well as a fundamental researcher in the citrus field, and I thought he was a very good administrator, very competent man. And Dean Merrill, likewise. I thought Dean Merrill was a very good administrator but I had a feeling that he was much more interested in his taxonomy than he was in the general job. He would listen intently while you put up a problem, and you could almost see the wheels going around. He was trying to figure out what was going to be the answer; and you nearly always got an answer pretty fast. And two days later, you'd begin to wonder whether it was the right answer maybe, but you got it fast. Then he'd lay it aside, and maybe before you were out of the office, he'd already be turning around to his specimens on the table back of him to see where he'd start now to get some more classification done. That was my reaction to Dean Merrill at that time.

He only stayed here a couple of years until he found an opportunity to get back into his favorite field in some institution in the east--one of the large botanical gardens. He had come here from the Institute of Science of the Philippine Islands, I believe.

Chall: He was basically a scientific research man.

Erdman: Yes. That's where his interest was.

## B. H. CROCHERON

Chall: What were your relations with Mr. Crocheron? Did you have much to do with the Extension Service over the years? Or were you mostly concerned with Experiment Station work?

Erdman: Well, my connection with the Extension Service was only in the informal cooperation which develops in an



- Erdman: institution like this. Right from the start I would get requests which were usually expected to come from the farm adviser through the Extension Division to Dr. Mead as head of the Division of Rural Institutions. But since I was soon in charge, they came to me. But I had many requests from others--cooperatives, business groups, etc.
- Chall: And then when you responded, did it have to go down through the same steps?
- Erdman: Not necessarily. I went out to a good many farm center meetings and affairs like that, just as I had at Ohio.
- Chall: The way you liked to do it. Well, Mr. Crocheron of course was an institution here from 1913 to 1948, and I just wondered how you felt about him.
- Erdman: Well, he was a very forceful chap, could make his point clearly and quickly, and his whole demeanor was one of authoritarianism. He had, I felt at the time, one of the best Extension Services with which I'd had any connection. Through the years I'd meet people from over the country, and came to have a feeling that the people in his organization were pretty high caliber for the most part. He kept them very much in line. He knew what he wanted to get done, and things went on time. The annual meetings were scheduled almost to the minute.
- Chall: He must have been doing well as far as the farmers were concerned or he wouldn't have remained in his position. Wouldn't they have had quite a bit to say about an Extension director if they hadn't liked him?
- Erdman: Yes, well, yes. But you see, much of that depends on how well the people he selects out in the country work, and the position he takes on policies. And with the state Farm Bureau secretary located right here where they could talk together every lunch time if they wanted to, or oftener, a small matter ordinarily doesn't get to be a problem unless it's against the interests of special groups out in the state.
- Chall: So he managed to please them, and at the same time he was able to get along with the academic people.
- Erdman: Yes.



## RESEARCH: PROBLEMS OF OBTAINING DATA

Chall: I'd like to go back now to find out something about what you were doing during that first couple of years when you weren't really allowed to do much teaching, particularly the first year. You had the one class under the department of economics, as I recall.

Erdman: First let me clarify; the teaching restriction was only the first year. In 1923-24 the courses I had proposed: Marketing Farm Products, Cooperative Marketing, Advanced Marketing, and an agricultural policy seminar. I don't remember too much of the detail that did go on then. For one thing, I managed to get around over the state quite a little because I wanted to know what the marketing problems were, so I accepted invitations to talk at Farm Bureau meetings frequently. That gave me an excuse to ride around with the farm adviser for a few days maybe and get acquainted with his slant on what the problems were in his county. Also, I was trying to get an idea of where the crops went and what problems arose in their distribution.

Then there were pressures on us here to get some research under way to answer current questions. After Dr. Mead took leave of absence in 1923, I was acting in charge of the division, hence teaching and administrative work took up most of my time. We got a few research people on the job, but they were part-time graduate students. They were busy with their studies and unacquainted with the major problems; it required more attention to get good results from them than you would dream if you haven't tried it. You can't just let them go out and get original data without careful planning when you haven't formulated any notions about what really ought to be gotten, and what could be gotten from the data that the firm might be willing to give you. Even if you got some data, you might not get enough to give you a typical picture. You couldn't publish anything and cite what this organization does or that organization does ordinarily. That's a trade secret. And managers were very sensitive about having these figures exposed. In fact, the method of inquiry was as important as the questions being asked.





Erdman: That's a very sensitive field and I had already learned that, and knew you couldn't ask too many questions. But if you go in and talk to a businessman, very quickly he'll tell you all about his business if you don't ask specifically: How do you price your stuff when you're trying to sell against Jones over here; or when you ask him specific sales figures. Well, of course, he wouldn't give you that ordinarily. And later on I learned that even if they trusted you implicitly, they would refuse to give you their figures.

I had an interesting experience during World War II, this was much later, you see. I'd gotten acquainted in the state and thought maybe I could answer some questions. I went out to ask some questions in connection with a labor problem that had come up during the war--I think it was olives--and we wanted to get some information on the amount of labor that was involved in handling the crop at specific stages. I didn't know the olive trade at all, so I went to Professor Cruess [William V.], who, I knew, did know it.

Cruess gave me the name of a man who was a very fine chap and a gentleman and everything as I gathered from Cruess. I found later he was correct, the man really knew his stuff. But he said, "Frankly, Professor Erdman, I sympathize with your problem, but I can't give you the data. We've learned by experience that the stuff that goes into your files is not under your control. Sooner or later somebody else will get his fingers on it. We've had experience with that kind of deal, in which all of a sudden, from Washington--some regulatory body--or from the state some regulatory body, somebody confronts us with a statement we had made to you, which then looks different than it did when we told you what we intended to tell you, that we thought was confidential. Our answer now is, 'we handle that through our auditor, and only that way, among ourselves. We do not give it out.'"

Chall: Well, This makes it rather difficult.

Erdman: He was frank. Well, that frankly put the lid right on some things. Even when this man says, "I have nothing against you (he emphasized that), and I sympathize with your purpose, but this is my situation." [Laughter]



Chall: So it's essential, then, as you learned all through the years, that you must have a good rapport with the people in order to get data at all or even some useful information. How did you go about in the early days with your outlook studies?

Erdman: Well, I had gotten acquainted with the outlook method as it was being developed while I was in Washington (in 1921-22), and I was enthusiastic about that. And then I think I mentioned the other day, a bulletin by a man named Holbrook Working in which he had analyzed the available data on the prices and supplies and movements of potatoes in the Middle West. And it occurred to me that that had a very real application--those methods, I mean--would have a very real application to the problems in California, where we had a lot of specialty crops.

Attempts to bring together available data on the movements of some of these specialty crops very quickly demonstrated that we had pretty much to rely on reports published by various governmental agencies, established under the U.S. Bureau of Markets, beginning about 1920. That wasn't very far back, you see.

### Developing a Library

Erdman: And so one of the first things I did here was to get our division on the mailing list of every Extension Department, Department of Agriculture, or branch of the U.S. Bureau of Markets that might be getting out any crop or market reports that could help us in making any analysis of the markets to which our stuff was going. A very large part of our perishable and non-perishable specialty crops was distributed widely over the rest of the country as far as three or four thousand miles sometimes.

We didn't even at that time have the basic data on annual production going very far back. Much of the material clearly wasn't accurate. We couldn't figure out why such data differed so widely from the census figures, let us say. So my first thing was to build a library of that kind of material, to collect available market reports. And the girls clipped them together as they came, so at the end of the year, we'd have a little folder of them for each separate commodity, whatever or however they were made available.



## TRAVEL

Chall: The kind of thing you were doing which required getting out into the field and meeting the people and gaining their confidence and gathering statistics--were you given enough time to do this in relation to teaching?

Erdman: Well, it wasn't a matter of me being given time. I had to allocate my own time and I did get out a lot. Frequently I would make arrangements to get out--if I could get my classwork well enough organized. Then I'd get out during the week: I'd go to meetings in San Francisco or meetings near here where I could take a train and later a campus car and go to Sacramento or Stockton or any place around and get back.

Then once in a while I'd arrange to have someone else give the examination for me, if I were going to give a mid-term let us say, and then I could get out on a Wednesday evening, take a 5:00 p.m. train at the foot of University Avenue and by 8:30 a.m. be in Los Angeles ready to call on some of these people. That gave me Thursday, Friday, and Saturday forenoon--no Saturday closing till noon. So I'd come back on the Saturday evening train, land in Berkeley Sunday morning. I frequently made that kind of arrangement and got out.

I began visiting markets during my first year in Ohio, and from then on wherever I went I was always visiting markets, whether it was midnight in New York or in Chicago. I visited all those markets while I was doing the writing of the American Produce Markets, for example, or some articles, or anything.

I was always, whenever I went to one of the Farm Economic Association meetings in one of the cities--if it was New York or Philadelphia--I would make arrangements to stay a few days or a week or more afterwards, if I could get away from work here. I always could, because the meetings came in the middle of the year, during vacation. And then I would spend any time I needed down where the markets were active. I'd go down and see what was happening.

I began that night work after reading an article on what happens in the dark, or rather I guess it was a cartoonist who used a caption, "What Happens in the



Erdman: Dark." Here was a picture of a farmer standing over a bushel basket of corn, then there was a dark area, and on the other side stood a grocer offering the corn at a fantastic increase in prices. And the caption was, "What Happens in the Dark?" I decided that that was a good topic and I would follow it through. Later on, out here in Los Angeles, and New York, and Chicago, too, I carried my camera and rigged up a flash outfit of my own with gunpowder and would take night flash pictures of the activities going on at night.

Then there is always a lot of miscellaneous stuff that has to be done around an office, and I can't exactly say how much time I had, but it was up to me to allocate the time.

## TEACHING

Erdman: I did have to do the teaching. I had to take care of my classes and to do that, I very quickly made it a point to outline the course in detail, and I mean detail. I'd have an outline dittoed and distributed to the class at their first meeting so they could know if they wanted to drop out if they didn't like the looks of it.

I usually had three so-called midterms and I'd even tell them how I was going to grade them. The final grade would be a weighted average of several aspects. There'd be a fifteen minute quiz each week on the readings for that week. I had learned from my own experience earlier that many will skip the assigned outside reading. Anyhow, I wanted to keep them up to date on the reading. That would count for close to half of the final grade. I think it worked.

And then they would often say, "Well, I'm not interested particularly in all that stuff," so I allowed twenty percent of the final grade for a term paper. Their selection had to be on some phase of the marketing of some produce that interested this particular student.

Chall: As you taught this course, over the years, was there a body of literature and data built up? You wrote a text, and many papers during these years.





## Outline and Assignments

## MARKETING OF AGRICULTURAL PRODUCTS -- AGRICULTURAL ECONOMICS 101A

H. E. Erdman

September 1951 to January 1952  
University of California  
Berkeley, California

Periods	Dates
4	Sept. 24, 26, 28. Oct. 1.
8	Oct. 3, 5, 8, 10, 12, 15, 17, 19.

## I. NATURE OF THE MARKETING PROBLEM.

## 1. Marketing and the marketing functions.

- a. Thomsen, F. L. Agricultural Marketing. pp. 1-49; 70-84.
- b. Phillips, C. F. and D. J. Duncan. Marketing: Principles and Methods. pp. 9-17.

## 2. Bases of interregional trade.

- a. Thomsen, F. L. Agricultural Marketing. pp. 55-69.
- b. Garver, F. B. and A. H. Hansen. Principles of Economics. (1937 Edition) pp. 629-639. (Essentially the same material in 3rd Edition, 1947, pp. 426-434.)

## 3. The relative market position of western agriculture.

- a. Clawson, Marion and Wendell Calhoun. Longterm Outlook for Western Agriculture. pp. 1-32; 64-92. Marketing Collection No. 14.

## 4. Economic analysis of marketing problems.

- a. Mehren, G. L. Fundamental Economic Notions. Marketing Collection No. 5 large.

## II. MARKETING SELECTED COMMODITIES.

## 1. Marketing grain.

- a. Erdman, H. E. Marketing Western Grain. Marketing Collection No. 4 large.

## 2. Cotton marketing.

- a. Erdman, H. E. Marketing Cotton. Marketing Collection No. 1 large.



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Periods	Dates
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## 3. Livestock and meats.

a. Lecture.

## 4. Wool marketing.

a. Erdman, H. E. Marketing Wool. Marketing Collection No. 12 large.

## 5. Eggs.

a. Erdman, H. E. and G. B. Alcorn. Egg Marketing in the Los Angeles Area. Univ. of Calif. Exp. Sta. Bul. 656, pp. 1-34. Marketing Collection No. 12.

## 6. Dairy products.

a. Lecture.

## 7. Fresh fruits and vegetables.

a. Lecture.

b. Erdman, H. E. Marketing Fresh Fruits and Vegetables. Marketing Collection No. 18 large.c. Galhoun, W. T. and others. Improving the San Francisco Wholesale Fruit and Vegetable Market. Mimeo. U. S. Dept. Agr. and U. C., 1943. Marketing Collection No. 7 large. pp. 2-43.d. Crow, William C. Wholesale Markets for Fruits and Vegetables in 40 Cities. U. S. Dept. Agr. Circ. 463. pp. 1-26; 90-93; 100-103; 141. Marketing Collection No. 1.

e. Trip to produce market on some morning.

## 8. Farm products for processing.

a. Lecture.

## MIDTERM EXAMINATION

1 Oct. 22

## III. MARKET PRICES AND THEIR DETERMINATION.

2 Oct. 22, 24.

a. Thomsen, F. L. Agricultural Marketing. pp. 151-199.



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	Periods	Dates
IV. AUCTIONS IN THE SALE OF FARM PRODUCTS.	1	Oct. 26.
a. Erdman, H. E. <u>American Produce Markets.</u> pp. 114-138.		
V. COMMODITY EXCHANGES, FUTURES TRADING, AND HEDGING.	4	Oct. 29, 31. Nov. 2, 5.
a. Erdman, H. E. <u>American Produce Markets.</u> pp. 155-201.		
b. Thomsen, F. L. <u>Agricultural Marketing.</u> pp. 191-211.		
c. Moulton, Robert H. <u>A Manual of Trading in         Grain Futures and in Cash Grains on the Chicago         Board of Trade. Marketing Collection No. 37</u> pp. 5-16.		
VI. THE RETAIL MARKET.	2	Nov. 7, 9.
a. Phillips and Duncan. <u>Marketing: Principles         and Methods.</u> pp. 141-171.		
VII. MARKET STRUCTURE.	3	Nov. 12, 14, 16.
1. Evolutionary nature of trade channels.		
a. Erdman, H. E. <u>American Produce Markets.</u> pp. 127-138; 176-179.		
b. Thomsen, F. L. <u>Agricultural Marketing.</u> 124-150.		
c. Erdman, H. E. and R. L. Adams. <u>The Impact of             Frozen Food Developments on Marketing.</u> Marketing Collection No. 16 large.		
2. The concept of a perfect market.		
3. Monopoloid market structures.		
4. Direct marketing.		
a. Erdman, H. E. <u>American Produce Markets.</u> pp. 220-233.		
5. Specialization, diversification and integration as alternatives in business.		
a. Erdman, H. E. <u>American Produce Markets.</u> pp. 235-244.		
6. Barriers to the evolutionary process.		



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	<u>Periods</u>	<u>Dates</u>
VII. MARKET NEWS AND MARKET QUOTATIONS.	1	Nov. 19.
a. Thomsen, F. L. <u>Agricultural Marketing.</u> pp. 281-309.		
VIII. TRANSPORTATION.	1	Nov. 21.
a. Thomsen, F. L. <u>Agricultural Marketing.</u> pp. 243-261.		
IX. STORAGE AND WAREHOUSING.	1	Nov. 23.
a. Erdman, H. E. <u>American Produce Markets.</u> Ch. XVII. pp. 323-338.		
MIDTERM EXAMINATION.	1	Nov. 26.
X. GRADES, GRADING, AND INSPECTION.	2	Nov. 28, 30.
a. Erdman, H. E. <u>Grades and Grading.</u> Marketing Collection No. 8 large.		
XI. SIMPLIFICATION AND STANDARDIZATION.	1	Dec. 3.
a. Erdman, H. E. Marketing Collection No. 3 large.		
XII. COOPERATIVE MARKETING.	3	Dec. 5, 7, 10.
a. Lectures. Thomsen, F. L. <u>Agricultural Marketing.</u> pp. 433-456.		
XIII. "ORDERLY MARKETING" -- SLOGAN OR PROBLEM?	3	Dec. 12, 14, 17.
a. Mehren, G. L. <u>Agricultural Market Control Under         Federal Statutes.</u> Marketing Collection No. 6 large. pp. 27-35.		
b. Thomsen, F. L. <u>Agricultural Marketing.</u> pp. 350-377.		
XIV. COSTS OF MARKETING.	2	Dec. 19, 21.
a. Thomsen, F. L. <u>Agricultural Marketing.</u> pp. 212-242.		
IV. WHAT ABOUT THE CONSUMER?	2	Jan. 7, 9.
a. Phillips and Duncan. <u>Marketing: Principles         and Methods.</u> pp. 45-87.		





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<u>Periods</u>	<u>Dates</u>
3	Jan. 11, 14, 16.
1	Jan. 18.

## XVI. PROGRESS IN MARKETING.

- a. Erdman, H. E. American Produce Markets.  
pp. 415-432.
- b. Thomsen, F. L. Agricultural Marketing.  
pp. 457-474.

## THIRD PART-TERM EXAMINATION

1 Jan. 18.

EXAMINATIONS: 15-20 minutes each week, usually on Friday. These are required; cannot be made up, but students may be excused for acceptable reasons if request is made in advance or satisfactory written excuses are presented later.

Part-term one-hour examinations on October 22, November 26, January 18.

TERM PAPER: Due on or before January 18. Plans will be discussed in class from time to time.

MARKET TRIP: An early morning trip to the San Francisco Fruit and Vegetable Market will be arranged. A report on observations is required.

MARKET TEXT: Thomsen, F. L. Agricultural Marketing. Material in the Reserve Book Room of the library as indicated in the various assignments.



Erdman: I had a file over here--I still have that old thing with folders like this: with the subject matter and title, chapter number in my notebook, of the stuff that I was covering. And as the year went along, if I ran across something--I always had a dictaphone on my desk at the time--I'd turn to the dictaphone and say, for example, "Quote, three by five card entitled, 'How does the farmer react to commodity marketing associations?', end of quote. Dean Thomas F. Hunt, Fruit News, December 13, 1924, pages 4 and 5 and 17." If he gave some of the answers, I'd say just a few things that could be put on that card. Well, I accumulated those. Or I might use a perforated yellow sheet and put a little more detail on it, indicate a paragraph, if there was one that struck me.

Chall: Then you could use all this to develop your lecture.

Erdman: I'd stick that in that folder. Then the next fall, the week or two before classes began, whatever time I'd allocate to that, I'd go over and re-arrange the new outline for up-coming semester. The lecture that way was subject to constant revision. I might merely just leave it as it had been, but stick little memos into the folder for this particular lecture, and work it into the lecture to bring it up-to-date.

Chall: Now, you were teaching, most of the time, two courses, marketing and cooperation?

Erdman: Most of the time, before the foundation days, before more people came in, I had three courses. I had one course, originally set up, the agricultural marketing course; the second one, Cooperative Marketing, which I had originally conceived as following the first course. I argued that cooperative marketing really presupposes a knowledge of the marketing system upon which you're going to impose these new procedures called cooperative marketing. And then we usually had a seminar--staff seminar--which was essentially most of the time on agricultural policy.

Chall: Oh, who would be in on that?

Erdman: Well, any of the staff members that were free usually. By the time that was under way, farm management was also in the group, so Dr. Shear, Emil Rauchenstein, Charles West, who was here by that time, and Dave Weeks, and several graduate students, and well, I guess that was it.



Chall: Did you lead that? Were you responsible for that seminar?

Erdman: It was part of my job, I guess.

Chall: What kinds of things then would you be considering each week?

Erdman: It covered all sorts of things: tariff policy, let us say; the McNary-Haugen Bill, which came up for discussion at one time; the problems of clearing house operations, let us say, between various groups of fruit growers. I don't know; it'd depend on what was interesting at the time. A topic was announced in advance, someone might report on some new developments or we would get each other's reactions to a problem, etc.

Chall: Did you have lively seminars? Did you all agree in general, or stimulate each other?

Erdman: Well, it seemed like that was always stimulating, if you have a good group of students. My feeling at the time was that the students that we had at the time were not well enough prepared to have too much basic interest or too much knowledge of some of the aspects...

Chall: Of public policy?

Erdman: Yeah.

#### RELATIONS WITH STUDENTS

Chall: And now, since we're talking about students: Everyone always considers you, when talking about you, a great teacher--somebody who could recognize and push along bright students who have really gone to the top in many cases. I wondered how you achieved this. How did you recognize and push along these bright students, many of whom are now in both the business and academic aspects of agriculture around the country.

Erdman: Well, I don't think I ever really pushed anybody.

Chall: Well, motivated them. Let's use that word.



Erdman: That is a thing you can't do intentionally. I don't believe you can. But I noticed that a good many students were the type who would challenge you at every turn if you weren't really logical in your presentation. And those are the ones you need to watch. You keep their interest and let them follow along with their ideas. They'll very frequently come through with conclusions that are different than yours, but you have a chance to discuss the pros and cons. And if you can get them to go ahead and do broadening-out work, if they're the kind that'll raise questions of that sort in class, they'll likely do it when they get on a job too.

Chall: And you think that you really didn't have much to do with inspiring them?

Erdman: Well, I'm saying you don't do that intentionally. Maybe that's what comes out of your working with students. At least, that's my interpretation. I've said more than once of students like that: very many times a professor learns more from them than they from him. But they're learning by thinking for themselves, and you raise questions.

Well, like my old Professor Taylor at Wisconsin: One time, we were talking about something--I don't recall what I had said--but he sat there listening, looking at the ceiling. There was no gable roof on the building at the time, but he looked at the ceiling, and he said, "Which of two rafters supports the roof?" I had mentioned supply and demand, you know. Well, I hadn't thought of it in that way. I saw immediately what he was driving at; these are interrelated, and they, while supported as they are supported, so they both do. But anyhow, you throw a question at the kid like that, he'll start trying to analyze it. Anyhow, I don't know.

Chall: You don't take any credit for the fact that...

Erdman: No. The students that come to a place like this--if they come here to study with you that's one thing, they've already read something of yours that maybe makes them interested; but if they just come at random and get into your class and begin to follow the line of thinking you're interested in, you don't need to push them, they're just here to study. They'll do a good job on their research.





Erdman: Among the men that showed up here, let's say, probably the first one as I remember, a man named Earl Wells, was a graduate of the University of Wisconsin. He had contracted infantile paralysis in the Navy, and he'd worked for a few years at a bank in the Middle West. He landed here because the doctors told him he ought to get out of that climate. And he decided he'd come to the University of California to enroll for graduate work. The graduate adviser for the College of Agriculture said, "Well according to your credentials, you are eligible for graduate work in plant pathology." He said, "Oh shoot, I don't care about plant pathology, that was my major in Wisconsin, but I'd rather read the Wall Street Journal now." So the adviser said, "You go over and talk to Professor Erdman."

Well, he worked with me, and he got his master's degree here. I suggested among other subjects, that he enroll in a course in accounting. He said, "I don't need accounting; I've been working with figures in a bank ever since I was out of the Navy, and I don't need that." But I said, "Well, it won't hurt you to take it because it'll help you understand how some of the problems are if you want to get into research." Well, he took the work and voluntarily came around next semester and said, "I'm going to take that course in auditing." And he did, and before the semester was over, he was putting in part-time working with some of the people in the Federal Reserve Bank in San Francisco.

If I recall correctly, he worked for a few years for a San Francisco auditing firm, then spent several years with the Cooperative Marketing Division in Washington, where he stayed until he became manager of a cooperative livestock organization in the Middle West. And anyhow that's an illustration of how they go.

Chall: But you did encourage him to take the right road.

Erdman: I tried to talk him into doing that sort of thing. Getting into that.

Chall: And it worked.

Erdman: Yes. But time and again, they'll come in, they'll already know what they want to do.



Chall: Awhile ago we talked about two people, Harry Wellman and Mr. Voorhies, whom you steered into particular kinds of activity. They might have done something else if you hadn't advised them. What made you feel, for example, that Harry Wellman would be better working with Mr. Crocheron--that it would be better for his own career than teaching at Davis?

Erdman: Oh I thought it was a bigger opportunity, a wider range of activity, and the guidance of one of the outstanding men of the country from the point of view of administration. Had he gone to Davis, I don't believe he would have become president of the University. No credit of mine; it's the way circumstances work out and what the man makes of his opportunity. You can only guess where another fork in the road would have led.

I think so many many times when these students say they want something that's relevant that they really don't know now what is relevant. They don't know what they're going to want to do. And so I time and again tell them, as I did then--take these basic courses and you'll find opportunities at different forks in the road.

Chall: During the years, I had been led to understand that you and Mrs. Erdman became close friends with some of your students. Did you have close relationships with them?

Erdman: Well, that again depends, you see, on various things. Of the undergraduates, you ordinarily don't meet enough of them, you can't meet enough of them, and they're a big enough group so that we couldn't entertain too much; but graduate students, my wife made a practice of entertaining once a year at least...once a semester. Have them in for a meal. Most of the time, it got to be a breakfast, Sunday morning breakfast: scrambled eggs and toast and coffee or whatever it would be that she could do on a mass basis.

And then of course we'd also get acquainted with some of them on a more personal basis, especially a few that were married, married couples. The Ellsworths, for example, Von Ellsworth was one of those who was a married man at the time he came here. Harry Wellman



Erdman: was married. And George Mehren was. And in all of those cases, and probably some others I don't think of at the moment, it was true that friendship grew and lasted.

Chall: And your wife was an outgoing person, interested in your students.

Erdman: Yes. She was.





"Them was the days." Professor Henry Erdman with a short mid-days catch about a half mile south of Goat Island, now Treasure Island, in San Francisco Bay. 1939.





## V THE CURRICULUM OF THE DEPARTMENT OF AGRICULTURAL ECONOMICS

Erdman: You were asking about curriculum.

Chall: Yes. Curriculum surely has a bearing on research, training, and the people in the field, and what they're qualified to do over the years. I'm sure the department curriculum has undergone revision during the period you've been here. You started, for example, in a department called Rural Institutions, which is now a name that you don't hear any more. Is there such a course?

Erdman: No. Because when Rural Institutions was first established, there were small departments, as set up here--we've talked about that I think the other day--Farm Management, and then later on, even one in Agriculture, as a separate course, for Dean Hunt's own purpose as professor, because that was the way he wanted to teach what he was teaching. So you had virtually, for part of the time, one-course departments: Farm Management, Rural Institutions.

### DEVELOPMENT OF THE DIVISIONS

Erdman: I'd like to indicate in a broad way the curriculum development at the University of California, as far as agricultural economics is concerned. I'd like to note first the institutional setting. Thus, in the earliest days, the College of Agriculture was essentially a one-man institution, soon to be housed in the north half of the old South Hall basement. At or about the time Dean Hunt arrived in 1912, he began the establishment of separate divisions, or at least, there began



Erdman: the establishment of separate divisions in the Department of Agriculture. Thus in 1913, the Division of Rural Institutions was established according to the report for the year ending June 30, 1913, in which Dean Hunt had announced that the "Department of Rural Institutions has been created for the purpose of study, development, and guidance of those institutions which affect the open country. It will include certain features of rural life outside of the farming operations which are of great importance, but which have thus far been neglected."

The report for the year ending June, 1915, mentioned the Division of Rural Institutions as "notable among the developments of the year," and mentions the appointment of Elwood Mead as professor of Rural Institutions. Then in 1918, Farm Management was set up with R.L. Adams in charge as professor of Farm Management. He had been in the Division of Agronomy. Divisions of Agricultural Education and Agricultural Extension had been set up earlier.

In 1922, the separate teaching groups were loosely grouped as a rural economics curriculum, sometimes referred to as rural social economics. A small pamphlet, issued in 1922, entitled "The Rural Economics Curriculum: Purpose and Organization" listed twenty-one courses to be offered by the participating divisions plus a group of seven offered by the Department of Economics, which apparently were recommended. In reference to this, the little pamphlet included the following sentence: "While the training these courses are designed to give will be of value to those planning to engage in farming immediately after graduation, they will be of special value to students planning careers in such fields as farm management; the marketing of agricultural products; agricultural cooperative organizations; land settlement; commercial colonization enterprises; agricultural extension; agricultural education in high schools and junior college."

It was not until the publication of the prospectus of the College of Agriculture in May, 1924, for the 1924-1925 year, that the participating divisions were grouped under the heading Rural Economics. The four divisions were separately headed Agricultural Education, Agricultural Extension, Farm Management, and Rural Institutions, and are covered in pages 56-59 of that prospectus.



Erdman: Early in 1925, a memorandum from Thomas F. Tavernetti, assistant dean, regarding the changes in the curriculum, suggested that we have too many which require but little science. He expressed the belief that agriculture in the state is so diversified that it is not possible to give students the particular type of education needed after graduation in that method. They need to be given the scientific basis first, and let them get the practice aspects in summer vacation or short courses, assuming they didn't have adequate practice in advance. He then suggested that the College of Agriculture might well have but three curricula: one, plant science; two, animal science; three, physical science. Rural Institutions, Farm Management, Agricultural Education would be offered as electives in the above as service courses or something of the sort.

Chall: That's quite a radical departure, or shift, isn't it?

Erdman: Yes. Well, anyhow, I talked to Professor Frederick L. Griffin, who was in charge of the agricultural education at the time, and he agreed with my proposal to suggest to the dean that there also be a curriculum on agricultural economics, or some such title. I did it, and got back a note asking me to make that suggestion specific. So I wrote the dean, listing some specific types of requirements, and was soon called by Tavernetti and told that one of the members of the committee which was considering the matter, Professor Lippincott of the Poultry Husbandry Division, thought it was a little too narrow and suggested adding Social Institutions as an additional course.

Well, I heartily agreed with that, and the thing went through and appeared first in the 1925-26 prospectus. It wasn't changed until about the time the new blood influx occurred with the establishment of the foundation. Incidentally, when officially the departments were merged for budgeting purposes, R.L. Adams was left to understand that his Department of Farm Management would be autonomous (in the sense, I assumed, that there shouldn't be any meddling by me).

Chall: [Laughter] Oh, really?

Erdman: Well, that's the way it looked to me, you see.

Chall: Didn't you see eye to eye on things like this?



Erdman: Well, not on...no...no, he, to my surprise, had the feeling that I wanted to run the department. Well, I did, in a sense...

Chall: You were in charge.

Erdman: Well, I was in charge, but I had ideas which he wasn't accepting. I had followed Tolley's thinking about combinations of enterprises, Tolley and Taylor. They were thoroughly convinced that what the farmer needed to keep in mind was that he needed to keep himself and his family and his hired help profitably employed at the best enterprises. And that that would mean that you had to study the way these crops or products were in competition with each other at given times.

Chall: And he didn't agree with this approach.

Erdman: No. The social aspect was primarily the ideas that were brought in with the appointment of Dr. Mead in connection with his interest in rural settlement. Dean Hunt was sympathetic with that. I never have known for sure whether he was the one who selected that "native values of rural life" phrase on Hilgard Hall. But anyhow, it was that aspect. The Country Life Commission's report came along somewhere in there (1909), and that was the idea, of keeping boys on the farm by making farm life more desirable and all that. And anyhow, Dr. Mead had been interested in that.

I might put this in here in connection with Dr. Mead's background. He had been in irrigation work in the U.S. Department of Interior and in 1907 had gone to Australia where he had worked out a plan for settling irrigated land. About 1912, he recommended this Australian plan for California considering it better than what we had here. He interested Dean Hunt and President Wheeler and these two suggested the matter to the legislature. Frank Adams outlines this on page 284 of his oral history.\* Anyhow, in 1916, when Mead returned to California to head the new Division of Rural Institutions, it was with this

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\*Frank Adams, Frank Adams, University of California, on Irrigation, Reclamation, and Water Administration (Berkeley: Regional Oral History Office, 1959).





Erdman: background that he began to take on his teaching.

Then I mentioned the curriculum that stood until the Giannini Foundation was established, or thereabouts. With that period there began a major change in the attempts to make the research more precise, in measurement of change, by application of statistical procedures. And at the graduate level with Tolley's arrival, it led to the establishment of a course on research methods by him; the teaching of a course in the graduate group by George Peterson on production economics, based on or using Black's then new book on Production Economics; and shortly, the introduction of additional mathematical training as background for the statistical work that was being offered. Then there had been that considerable series of bulletins on scope and method in research, published by the Science Research Council. After Tolley left the trend was continued with the arrival of Dr. Carl Alsberg as director, particularly when he added staff members, such as George Kuznets and Sidney Hoos and, about that time, transferred Harry Wellman from Extension to teaching and research. All of this placed heavy stress on the mathematical aspects of the training, and requirements for taking courses in the mathematics departments, and maybe some supplement over here, heavily on that statistical side.

Well, so much for that general sort of thing. If this fits in with your plan, I'd like to go back and talk a little bit about the introduction of the individual courses.

Chall: All right.

#### DEVELOPMENT OF THE COURSES

Erdman: The late Professor Voorhies traced the development of the curriculum in a memorandum to Dr. Alsberg. I thought I'd mention some of the points he made in this study. [Feb. 8, 1939]

Chall: Is this in manuscript form, this study?

Erdman: No. It's a carbon copy I have of a report he sent to Dr. Alsberg. And I don't think there's a copy in the library. I'll put this copy in. I wanted to check up first on the extent to which he really checked, that



Erdman: he went back to the old publications. But I wanted to comment on the way these courses developed.

As he notes here, the first course in what might be called agricultural economics, was one listed in the Announcement of Courses for 1908-1909, which was announced as an upper division course numbered 18, Farm Management and Farm Policies by Professor Leroy Anderson. In 1911, the number was changed to 118--Agriculture 118--and was described somewhat to read, "lectures, discussions, and reports on agricultural methods, various farm operations and systems, farm accounting, and management of the farm."

In the spring of that same year, there was also introduced a course called Agriculture 121, Farm Management, by Professor Anderson. Of this, he said, "Individual work upon special problems for a limited number of students. Must be preceded by Agriculture 118. Not more than two units, either half year." And Voorhies wrote that 118 must have been offered as a junior course because both of these were given in the spring semester.

Well, then, in the spring of 1911, a new one was introduced when Assistant Professor C.B. Lipman offered Agriculture 106, The History of Agriculture. And this same spring there was a course, Agriculture 200, offered under the title Farm Management by Leroy Anderson. This was described as "Research in economic management of farms. The student should be able to spend at least one month continuously in farm census or survey work in some section of the state." Which gives an idea of what he was trying to do.

Then in the curriculum for 1914-15, there was a course listed by Assistant Professor Hummel [William Granvill] Agronomy 118, entitled Farm Management. He (Hummel) was Assistant Professor of Agricultural Education. It seems that Professor Anderson had been transferred to Davis at that time and given the title of Professor of Dairy Husbandry. Anyhow, the course 106 was dropped in 1913-14, but 118, 121, and 200 were listed with no instructor mentioned there. Voorhies indicates that the 1913 prospectus was the first one of these to be published in that form. The course in farm management was offered at the farm school at Davis in '14-'15. In this course, mention was made of cooperative marketing as one part of the farm management.



Erdman: The appointment of R.L. Adams as Assistant Professor of Agronomy was announced in 1914, in the report of the director of the Experiment Station and college for 1913-14, page 45. He offered a course in farm management as Agronomy 118. When the Division of Farm Management was established in 1919, this same course was listed as Farm Management 118 with Professor Adams in charge.

Interesting to note somewhere in here that for the three years beginning with 1917-18, the Department of Economics had a course in Agricultural Economics, described in the announcement as "agricultural commerce, economic factors in agricultural production, land values, rural credits, and in general, rural economics." It was taught by a young man, Mr. Kincaid, who later went, I believe, to Virginia or West Virginia, I don't know which, who had a bachelor of science from the University of Washington in 1910, and had more recently taken graduate work at Harvard University.

This course was recommended for a number of the divisions in the College of Agriculture. It was announced as a course for the students in the Colleges of Agriculture and Commerce. It was apparently dropped when he left. He was the man who was teaching Econ 123 when I took it over my first year here.

Chall: I see. So you replaced him in a sense.

Erdman: Yes. More correctly, the Economics Department borrowed me. Now, in 1914, for the first time a new course, Agronomy 119, described as "advanced and special problems, supplementing course 118" was offered. It was designed for students who desired additional training in the subject and was only open to seniors--Advanced Farm Management by R.L. Adams. The courses in farm management remained essentially in that way for the rest of Professor Adams' stay with the institution; that is, he continued to give 118, as Farm Management, with a companion course 119, which he, as I recall it, frequently referred to as farm administration.



### Teaching about Cooperatives

Erdman: It is interesting to note that cooperative marketing and the general subject of marketing, as well as some of the other social problems, came up first in these early farm management courses as part of what the professor would discuss as the farm problem. The course in farm management as offered by Professor Hummel under Agriculture 118 in the spring of 1913, had the following in the description: "Cooperation, an introduction. Ownership of equipment and marketing will be discussed as fully as time will permit." That apparently was included in numerous of those early farm management courses and I can see why it would have been in California because it was an important topic from the very earliest time.

Ezra Carr, for example, wrote about the farmer's participation in the Granger movement. I have no record, of any kind, of his teaching, but whatever he taught--whether it was agronomy or what--labelled agriculture--would have dealt with the farmer's problem in that sense. Then cooperation must have come up again much later. And if we had the record, I suspect some of the courses in economics would also have dealt with much of that.

Chall: You don't know what time allowed though in these courses, do you?

Erdman: Oh no, no, no. There's no record.

Chall: No record. It was low on the totem pole though apparently.

Erdman: Well, I was pointing out earlier, when you have one professor, it depends a good deal on what kind of students you have. If you have a class of a dozen students and six of them are from families which are raising fruit, and three of them are from towns, and the other three from grain and cattle ranches, you can see what diversity of subject you would want to cover.

I was interested to notice that in the spring of 1916, which was apparently the first year of operation with Dr. Mead in charge of the Division of Rural Institutions, he was listed for a course of graduate status, entitled Rural Institutions 201, described only as Cooperation in Marketing. Now, I wondered what the





Erdman: definition at the time was of that work that would entitle it to have graduate status. Was it merely the fact that this man was very well-known for his work? He was an engineer, and I don't know how much he knew about the cooperative movement. Anyhow, he was so listed.

Now the first undergraduate course listing under this subject with cooperation in the title, as Voorhies put it in his notes, was a course offered by Professor William Camp, as Rural Institutions 101, Cooperative Marketing and Food Distribution.

Chall: And again, Camp is the man you replaced, or were supposed to.

Erdman: Yes. When you get up to my coming here in 1922, Camp had already been teaching several courses, and I think these were the ones he was giving. At any rate, these were what he gave in 1922 and '23: 104, Financing the Development of Agriculture and the Distribution of Farm Products; Rural Institutions 105, The Movement of Prices of Farm Products and Interpretation of Markets, as he put it; and 204, Research in the Distribution of Farm Products.

Now, during that same period, Dr. Mead was giving his regular course that year with his assistant David Weeks--I think he was registered merely as an assistant: Rural Institutions 102, the Economic and Social Problems of Rural Life, is the way I think it was listed, and 203, Research in Rural Institutions. As I've indicated, the other courses like Farm Management were under the other department, and they continued to be much the same. And Camp, '23 and '24, again gave more or less the same group of courses. I think that year was added the one on Rural Institutions 106, Transportation of Farm Products.

#### Dr. Erdman's Courses

Erdman: Now, my own courses: I had suggested that I give a course the Principles of Marketing Agricultural Products one semester, and that for students who wanted to take the second course, Cooperative Marketing in Agriculture, the first would be the prerequisite. I argued that most of the problems of cooperative



Erdman: marketing were problems that involved the nature of the problems of distributing food, or farm products, whether food or whatnot, and that they would be essentially the same whether for cooperative or for private operations. In order to avoid confusing discussions, I thought it would be important to get students familiar with the system as is: the principles of operating business institutions, and the specialization in business institutions to perform certain purposes and handle certain products, and so on. Then having learned that, we could discuss intelligently the application of cooperative procedures, and the question then of how cooperative procedures will alter the flow of goods through the trade channels, and what new trade channels could be set up, and so on.

Pretty soon I began to encounter more and more difficulty in maintaining that requirement. At first, I would take people in only provided they would do supplementary reading. I mean, I'd take them in without that prerequisite only if they had certain other training which I thought would give them a comprehension of this. Many, for example, came from having taken the course Econ 123 in the Department of Economics. On the other hand, there were many mature students who claimed they had a lot of training, they were only going to be here one year and they wanted to take this course. Then I would say, "If you will read certain books and pamphlets I will assign as supplementary before you get along very far in the course, OK." Then there was always a precedent and pretty soon I threw up my hands and modified the course enough so as to let them take it if I couldn't persuade them to take marketing first.

Well, you see that brings up the question of whether you are justified in setting up one course, as a prerequisite, when as a matter of fact, without any additional work, the man who devoted himself to 101B, on cooperative marketing, can get a good grade without taking that prerequisite in principles of marketing, 101A.

Chall: I suppose that although he could get a good grade, your feeling was that he wouldn't have a grasp of the total situation.

Erdman: Yes, and that's a thing that most people ignore. Most ignore the comprehension a man gets out of it. Let us



Erdman: say the man doesn't know what you're talking about when you talk about the functions of the middleman; he hasn't read anything about an aspect of the subject which you would take a period or two to discuss. He cannot fully understand such questions as, what do you mean by that? How does it fit into the marketing job? And those words can mean lots of different things to people. You sometimes get silly things.

On an examination I asked some question which involved the expression "cleaning grain" as one of the functions of the grain elevator. Well, a girl in my class explained that one of the functions the elevator had was to "wash the grain." That to her was "cleaning." In the course, I had talked about the contrast between the elevator system we had in much of the country--grain elevator system--and the bag handling, which was still in use in California and was widely criticised. And I explained that one of the functions of the grain elevator was cleaning, through a facility for elevating the grain without any extra labor. The grain could be allowed to climb up those high elevations, and then fall down into whichever bin you wanted, to go through a cleaning, a dust-removing, straw-removing, foreign material-removing process they call cleaning. She had missed that whole thing, so she thought it was washing the grain. Well, that's just a humorous slant that comes up all the time with some of these things when a student gets an erroneous conception from what you say about an aspect that is unfamiliar to him.

### Touring the Markets

Chall: Which was the course in which you took the students to the various markets?

Erdman: That was the first course, Marketing. I figured that much of the discussion of specialization, you see, didn't mean much to them, and when they went through the market, or drove through that market area--it always looked like a chaotic pile of packages. Or ordinarily, there was a lot of confusion in popular writings about the confused mass you saw down in the produce market, with all that stuff piled up helter-skelter on sidewalks. Well, I could bring them over here and take them to a big place where it would be so crowded there wasn't room for all of us. They could



Erdman: hardly get around to where they could see what I was talking about. But I could explain that this was a truckload that had been brought in from the San Joaquin Valley, consigned to Levy-Zentner, and it was here to be sold; that these local buyers, local grocers or local jobbers, would look around and pick up anywhere from one to twenty-five or fifty of these packages, and that if they wanted fifty of them, it would probably come not from this pile but from an unloaded car or truck still standing, down a block or so.

And then when the question would come up as to the confusion here--all this mixed up mess--I could point out that this isn't a mixed up mess. These all belong to some shipper, who has counted them and he says there're seventy-one packages here. And that will be audited when he gets his pay, and if he's a big enough shipper so he'll really follow through and watches that, the handler will be in trouble if they don't come through. Next shipment will not be handled that way, they'll not come in here.

But anyhow, that thing goes all the way through, that the individual farmer's shipment to the market, wherever it goes, will show up as a pile of packages here. Now it may not be the specific one, but if you only ship ten packages, that's the return, that's what has to be accounted for. And these are the packages.

Then the question of the nature of these operations, the competitors here. There was one in particular there who operated a special business of supplying hotels and restaurants. And I could point out then that this fellow had bought these things earlier in the morning on this street, and had them hauled over to his own platform. The process would still be under way; people would still be bringing in stuff, possibly. But he was sending his men out; they were loading it by that time. He would have taken orders the previous day, so what he was doing was loading these trucks with stuff that he had already sold the day before and had bought, largely on order, from other places around the market. In this way he was satisfying the demands of the hotels and restaurants: he could supply them with just what they wanted without having to go to the retail grocers.

There would be the same kind of thing in some of the other operators; again I'd take the class to one





Erdman: or two who were doing just that kind of thing. One for example had a little hole in the wall you would have missed. I'd take them around back of the block, and here they would see a bunch of fellows assembling in trucks, specific orders--so many packages of this, that, and the other thing--and on routes, laid out by this fellow, all over San Francisco. And I pointed him out to them as we saw him out still buying stuff, which was then being shoved around the block to his platform for loading. That's the way he would assemble. Now this fellow had built up a business of that sort. He was a specialist in supplying a small cluster of grocers in San Francisco with stuff which he had bought distinctly for their stores.

Chall: I see. Well, this must have made it much easier for the students to understand because it is a complicated process.

Erdman: Yes. In the same way, then, I took them upstairs, to a little garret-like place. It was funny to see them try to crowd into this messy little room, with a few stenographers, and some miscellaneous packages of samples, and whatnot around. This fellow was a car-lot operator for Levy-Zentner, as a department of Levy-Zentner's car-lot distribution service. And while the company was buying out in the country, it would, through this man, direct the man who was loading, let us say, rhubarb out here at Hayward or San Leandro, where there was a lot of that growing in the spring. This fellow would keep in touch with brokers all over the United States, any one of whom might be able to sell a carload of rhubarb, in his market area.

This Levy-Zentner man would "wire" a quotation to these brokers, a list of whom he would have. He would sell car-lots which would never come to San Francisco, but would go, let us say, to Chicago through this man's intervention as a broker. But he was not a broker, he was merely what I later called car-lot distributors. This was the kind of service I was talking about. Here he was.

Chall: He didn't touch the merchandise at all.

Erdman: It never came here. He talked by phone to the man who was loading it--their man, Levy-Zentner in this case. But later on he set up his own business. He's still functioning, I think. He took in one of my former students later as a partner. But anyhow, he set himself



Erdman: up, and they finally also went out in the country. They'd do some packing of their own. They set up their own packing house in a few places. But at any rate, he still continued to operate as a car-lot distributor, in that sense.

Well here I could take them to this fellow, and he was a loquacious chap, a good talker, matter of fact, I had him come and talk to my class once. But anyhow, that was why I wanted to take them to the produce market. Here was a case where business was concentrated like in no other business. Don't know of any other business that's quite as--well, I shouldn't say that because the wool business, in some areas like Boston, was located on one street.

I'd take the students down here and I'd tell them in advance, "Now watch what goes on down in this market. You'll see people coming along, and see a man pick up a fruit or something, and look at it and drop it back. And then he goes to the corner and whispers something to the man. What's he doing there? What kind of secrets? Well, he doesn't want to say aloud what he's offering. He's offering a lower price. He wants to buy it at a lower price, let us say." And that secret method is still common in many markets. But anyhow, we'd go down.

When he came over, you'd frequently see them go look at this, and look at this, and look at this, and if you stand and watch and get to know the people, you see pretty soon that he comes back, and you wonder how the price gets established there. So I could maybe once in a while spot a case where that actually happened right there, where a man would come in and he'd make a quick round to see how stuff is looking that's on the market, and then he'd come back to his favorite jobber and dicker over the price for this. And if he went through, and the seller noticed that this man had gone by and taken a look and didn't come right back, he'd say to himself, "Oh, I'm asking too much, that fellow has bought somewhere else." So some way or other, either by just guessing and feeling him out, the next time a man comes, he cuts his price a little bit. Or he raises it if the fellow comes hurrying back; he says, "Uh-oh, I've charged too little. He's getting more down there." Well, you see, you'd get these stories from them. These fellows would tell my students every now and then, just what happened. They'd say, "Just a little while ago this



Erdman: man came in, and so I've got to lower my price on this." Well, I don't know how much benefit they got, but I was sure that it helped.

Chall: So you have these two courses, Principles of Marketing Agricultural Products, and then, Cooperative Marketing. Any others?

Erdman: Almost immediately I had also what I called an advanced course. Any of them that had taken the other two, let us say, or the equivalent in the commerce department, could enroll. The course involved just additional reading, and consideration of questions that would be too tedious for the others to bother with; but it was concerned a little more with the question of other aspects involved in the nature of competition or anything of that sort.

Chall: That was a third course? Did it have a title?

Erdman: Just Advanced Marketing. And it was never the same from year to year. It was always a question of what was the make-up of the class, what were things of current interest. If there was a big agitation--for example, when the F.O.B. auction was being tried out here in California--that would be a thing that would be of special interest. Or when there was a controversy--the dairy people were all excited about the organization of a new produce exchange and were critical of the price making mechanism over here--well, that would be one thing we'd want to talk about in more detail. They could argue about it themselves, or whatnot.

Chall: Now would you take up some of the national policies that were being discussed at the time, such as McNary-Haugen or tariffs?

Erdman: Sure. That would in another seminar, ordinarily. If it was a marketing problem, yes.

Chall: Did you have advanced graduate classes or seminars, too, that you taught?

Erdman: Well, Advanced Marketing was one that any senior could take but it was one most of the graduate students took. We'd get graduate students here from Colorado, from Washington, Utah. They would have had a marketing course or two wherever they had taken their undergraduate work and then they would come into this. Also then, we



Erdman: had a general seminar.

Graduate students would more often take mostly economics. If they had a course in marketing, well, then, they'd take my marketing courses. And if they hadn't had any general courses, they might take the one that Voorhies was offering. I think it was an offering on agricultural economics, a general course.

After we got into this new curriculum, then the graduate students really took many different sorts of things, and my courses didn't change particularly, except that I continually updated the material. It became more complicated as new approaches to marketing were considered.

Chall: What led to the correspondence course Cooperation in Agriculture, which you and Stokdyk [E.A.] wrote? How was it received?\*

Erdman: In the summer of 1945 (?) Stokdyk became chairman of the American Institute of Cooperatives' Committee on Extension Education. (See page vii of American Cooperation, 1942-1945).

Upon his return he called me to suggest that I prepare a correspondence course on Cooperation to be given by the University (I think he assumed it would be Agricultural Extension). I demurred, pointing out that Butterfield [Harry M.] of the Agricultural Extension Service, had "handled" a correspondence course on numerous aspects of agriculture for a time and that somehow, not now clearly recalled, I prepared one on Marketing Farm Products, or some such title. I wrote most of the lessons, Shear the one on prices. It was not "a success." We soon dropped it.

But Stokdyk persisted--he pointed out that there was a renewed interest in cooperation and that there was a special need for something like this for the younger men in our cooperatives. I finally agreed to proceed if "Stok" would share the job of preparing the lessons. To that he agreed. He and I outlined a dozen

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\*This question was added after the interview had been completed. Dr. Erdman wrote his reply.





Erdman: lesson topics, and agreed to write given ones. I asked a few others to write a lesson--e.g. L.A. Crawford then employed by the Bank for Cooperatives, and George Alcorn then Marketing Specialist in the Agricultural Extension Division. I shortly received a call from a gentleman in the Extension staff telling me in so many words that Alcorn had other duties, and that "if we wanted to have him write such a lesson, we would tell him so."

In the January, 1946, issue of Lifelong Learning the University Extension announced a correspondence course "Cooperation in Agriculture." Its reception was so mild that a year or so later when the question of making some revisions in the assignments was brought up, I recommended discontinuation of the course.

#### GRADUATE WORK

Chall: What about graduate work in the department?

Erdman: In the department as a whole, the character of graduate work changed decidedly when Tolley came in and immediately offered a course in research methods and made the required text Ezekial's new statistical analysis textbook.\* Soon afterwards we began to get the earliest of the studies on scope and method which were used to some extent, but not so much in classwork. But Tolley's method started with qualitative analysis: meaning you'd think the problem through, first in terms of the broader economics aspects to get the setting for the problem, and then decide how to set up the statistical procedures for answering the questions. What statistical data can you get, and how do you combine them to get the answers?

Then I mentioned earlier that George Peterson, who was one of Black's students, gave a course called Production Economics using Black's text, which was quite a different approach than many of them were used

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\*Mordecai Ezekial, Methods of Correlation Analysis (New York: J. Wiley and Sons, Inc., 1930).



Erdman: to, and more rigorous in its analytical approaches.\* So the graduate students were getting a more intensive sort of training.

#### TECHNICAL VS. BROAD TRAINING

Chall: I want to ask you whether you feel, that as a result of this shift--which was necessary in terms of training economists well--the agricultural economists today are highly and specifically trained, but not as broadly trained as they were in the past? Prior to the heavy stress on mathematics there were some courses, at least, in rural institutions and sociology. Have you lost sight of the people or some social problems concerned with agriculture?

Erdman: Well, I think that is a point which is hard to answer. I have not lost sight of the people. When you think of the kind of training the young folks get now, as compared with what they got in earlier periods, it seems that some superficial social studies have replaced some mathematical training and perhaps some worthwhile economic and political history.

But anyhow, the point I was thinking of basically is that there's only about so much time between the time a man is eighteen or twenty, when he enters college and twenty-five, when he gets out, and the question is, what do you learn in that period? If you devote enough attention to some of the fine measurements and the refinements in statistical procedure, let us say, what will you have had to leave out as you went along in those earlier periods?

Now, we are finding in our educational system that you can give the students a lot of additional material and that was, as a matter of fact, underway when I went to college. You were given in science much more science than they had in the earlier periods, much of which had not been discovered then, with reference to soils and genetics and whatnot. But when

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\*John Black, Introduction to Production Economics (New York: H. Holt and Company, 1926).



Erdman: you put that in, then--as in my own personal case--you eliminate some math, which I should have had; you eliminate some history, economic history, general history. You also eliminate some study of literature, maybe even much of what they really need in the ready comprehension of English, and maybe some foreign language which may help them in broadening their approach to problems of a complicated, and increasingly complicated, economic system.

### THE COLLEGE OF AGRICULTURE AND RURAL SOCIAL PROBLEMS

Chall: There have been, in the last month or so, some articles in the Daily Cal and seminars related to the fact that the School of Agriculture has been primarily concerned with machines, and labor-saving devices, weed-control, insect control, soils, and finer livestock. Some faculty and students feel that problems with respect to people on the farms and in the rural areas, the migrant laborers, housing and public health, have been left out of our thinking in this college. As you watched the curriculum develop through the years, do you think we have lost sight of these matters, which are also related to economics?

Erdman: I think in some measure, we have. On the other hand, I think there's been a failure on an extensive scale to grasp the basic significance of some of the things I've mentioned before, such as the strong tendency for readjustment every time you make one of these modern changes. Now, the question that's been raised, was raised a long time ago. For example, a man named Butler, I think it was, wrote a book called Erewon, which is "nowhere" spelled backwards--I've forgotten when the thing was published. In some mythical land, according to this writer, these people got together and decided no more new things should be used or brought into use.

Then the argument centered on what should be allowed; since so many of these new things had already been around a long time, how far back should we go in deciding what to prohibit? They finally decided that the point to go would be the invention of the washing machine because that was the most humane thing that's ever been developed--to get women to be able to wash their dirty clothes in a machine--nothing beyond that.  
[Laughter]



Erdman: Well, so the question arises, what do you do when you get a new economy? Consider the point I have discussed many times--the shift of the population from agriculture to other lines of work. When I first began giving the point particular attention, the census figures showed twenty-six percent of our gainfully employed persons employed in agriculture as compared with perhaps ninety percent a century earlier. It is now estimated to be around five or six percent. The movement of people away from farming into small towns or even large urban centers has been a major factor in our total economy for many years--even while there was agitation to keep people on the farms.

Now there is increasingly this tendency toward very large farming operations. Not necessarily the corporation approach--that is another one. What I'm thinking of is the increasing size of the operation in terms of output, which includes not only the rise of an operation from a 40 or 50 or 160 acre tract, but a case where a family will rent or buy additional farms and the whole family function somewhat like a corporation.

In South Dakota, where in my day they farmed 160 acres, they will farm now several thousand acres in many cases. A couple of members of the family stay together and buy the big equipment because, for example, to have a corn husker they ought to have at least 700 acres of corn, which is more than we could have cultivated with the old method. And for thrashing grain, you also want a large acreage or you can't afford to have a combine.

Chall: So the machinery itself...technology has created a whole new problem in farming.

Erdman: That's right. And in addition to the fact that this farm will now handle more with these methods, the production per family is higher. Maybe they've doubled the yield, or doubled the output they can get in animals from the feed they're putting into them, and so on.

Chall: This also necessitates either having tremendous surpluses, if people are going to take advantage of these mechanical devices, or eliminating marginal operators, so that we don't have the surpluses, if it's necessary to work on such large pieces of land nowadays in order to make a profit. There's also the problem of course of the whole field of farm labor being





Chall: different now from what it was. In some areas, people are just hired to do a job at a particular time when the harvest is ready and then after that, their services may no longer be needed.

Erdman: But that's nothing new.

Chall: No, that's been with us a long time.

Erdman: That was a common thing when I was a boy. Way back in 1890s, there was a regular flow of men through the South Dakota area, coming up from Kansas, boys from Illinois and sometimes further east, farm boys that went to Kansas and then spent the summer on the way north as wheat ripened. Sometimes these were college boys. One of my college roommates worked with some of that group on one occasion. But these were people who then might go back to their homes--a farm in Illinois for the winter--they never hung around with us in the winter. They were on the way through from Kansas, where the earliest wheat harvest occurred, and they followed the harvest north. And that has been true in many many areas, including European countries and elsewhere, where they'd go over borders for a crop harvest, if you have a crop which is highly seasonal in its labor requirements.

Chall: It seems to be different today. The laborers don't have anything apparently to go back to. What I'm asking is whether, in the School of Agriculture and the field of agricultural economics, we haven't taken enough of a look at these kinds of problems. They've been so obviously developing over the years.

Erdman: My own personal reaction is that much of the decision has been made on other grounds. For example, the problem here in California looks bad to the California farmers, partly because all of this criticism of them comes in spite of the fact that the wage rates have been set way beyond what they were in much of the South. The South is competitive from the point of view of truck crops and the various crops that need this kind of labor. The minimum rates set by the government are much lower in the South, from which they can ship even cheaper to the eastern markets than California farmers. So if you can imagine yourself one of those farmers, you'll see what kind of a problem you'll face. It's not as simple as it looks to the person who reads the stories that show up in the newspapers.



## VI THE GIANNINI FOUNDATION

### THE GRANT

Erdman: Well, it seems to me that maybe the Giannini Foundation would be the best place to start this morning. Actually, I didn't have detailed knowledge about the foundation in advance of the published announcement. I learned through the newspapers on January 23, 1928, that the gift had been made and that President Campbell had informally, apparently--the papers said--formally, accepted the gift. And it obviously had been carefully talked over, for he mentioned the fact that one-half million dollars of it would be used to erect a building, which would be the third wing of the agricultural quadrangle, as it was called. Incidentally, this proposed building was described at least a decade earlier, and an architect's drawing pictured, in something I read quite some time ago. The formal acceptance of the gift apparently was to be made later. The board of regents was to meet in February.

But I had had a vague impression earlier, late in 1927, I think it was, when I had a request from Dean Merrill for me to write President Campbell, giving him some information about research in agricultural economics. The dean had merely told me that it seemed that there was some money in the offing, and the president wanted a little information about the field, or something like that, and so I knew something was brewing.

Well, anyhow, the publicity about the gift led to a lot of discussion about what it would all mean. An editorial in the Pacific Rural Press [Feb. 4, 1928, pp. 136-7], for example, asked the question, "What can it accomplish?" It answers its own question, "A great deal. What shall we grow for safety? How shall it be marketed? How can the individual farmer know more



Erdman: about his opportunities and limitations so he may take advantage of them?" Then the California Pear Grower of January, 1928 [p. 4] commenting on the gift, summarized its comments by the following: "Up to the present time practically all the emphasis in this matter has been placed on increasing agricultural production. There is every reason to believe that more attention should be devoted to the side of finding a market for what is already being produced."

Now there was an interesting bit of background given later by Frank Swett. I think it's mentioned in his oral history and also in some other things.\* He had been very critical, in general, of land developers and especially the reclamation service of the USDA and its work in California where they were always telling how big they were going to build dams, and develop how much land, and so on. He was pointing out that this was the wrong policy when California already had enough fruit trees and vines planted to glut all markets once these plantings came into bearing. He became increasingly critical of Professor Crocheron for putting all the emphasis on improved production, or practically all of it.

Two decades later, Swett, in a reminiscent mood, recalled some discussions at what he called the Jawbone Club. This was a group of five men who met periodically at their respective homes around 1926-1927. The group included Frank Swett, Frank Honeywell, the publisher of the Pacific Rural Press, John Fox, and Mr. Furlong. Both of the latter were land appraisers affiliated, I think, with either the Berkeley Land Bank or with the Joint Stock Bank. Then there was A.W. Hendrick, formerly executive secretary, I think it was, of the Federal Land Bank of Berkeley, and later the Joint Stock Bank, tied closely to the Gianninis' Bank of Italy operations.

Anyhow, reportedly, so many farmers in certain fruit areas had been having production problems, that Giannini had sent word to Professor Crocheron, via Mr. Hendrick, suggesting a conference of leading farm advisors from those counties to discuss the problems.

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\*Frank T. Swett, California Agricultural Cooperatives, (Berkeley: Regional Oral History Office, 1968).



Erdman: He even went so far as to offer to pay their expenses, or to provide bus transportation to a conference point for them. But he was very much put out, according to Swett, because he was informed that the current program of the farm advisors had been carefully planned at the beginning of the year and could not be changed.

A little later, then, in late 1927 or very early in 1928, when the Bank of Italy offered Mr. Giannini five percent of the profits of the year as a bonus, he expressed an unwillingness to accept it, but apparently, according to Swett, at the suggestion of Hendrick, got the idea of establishing a foundation to conduct research in the whole field of agricultural problems.

Chall: That's a far-sighted move.

Erdman: But also, according to Swett, and his pet grievance hobby, Giannini wanted to make sure that the Extension Department couldn't use it.

Chall: Oh. Giannini or Hendrick?

Erdman: Well, Giannini. That was the implication.

Chall: I see. He was miffed.

Erdman: This was Frank Swett's recollections according to some notes I made of his reactions in 1948, which is about twenty years after the fact.

Chall: This Jawbone Club, as he calls it, was this an informal group of five men?

Erdman: Oh it was one of these informal groups. You see, these were all friends living in roughly the same neighborhood. Swett was then living up in the north part of Berkeley here and so were the other people. And I'm not sure, one or two other names have been associated with the same group once or twice, but he named in his tape, the five I gave there, and I checked that with his daughter yesterday. And she didn't remember much about it, but she remembered that they'd meet around in the homes.

Chall: And then discuss these mutual problems.

Erdman: Yes and these were basic problems to Hendrick and to the farm land appraisers, and Swett had been associate editor at one time, about that time, I think, of the Press.





## PURPOSES

Chall: The Pacific Rural Press?

Erdman: Yes, the Pacific Rural Press, which is now the California Farmer. I was very much interested a few days ago, when I picked up the old bound volumes of contributions from the Giannini Foundation of Agricultural Economics, covering pages one to ten, to notice, and then carefully read for the first time, the list of half a dozen purposes of the gift, published in this volume just before the other paging starts. I was particularly interested to notice that the first purpose covered precisely the point I had frequently raised in the preceding four or five years or so. It was "(a.) economic consequences of increased production which would result from improved seed grains, improved nursery stock, improved livestock, improved machinery, and improved methods of farming;..." Now, I had not seen that emphasized in any of the discussions, so that it especially interested me to note that it was the first one they had down here.

Chall: And that may have been something that came out of, not only your previous speeches here during that period, but, maybe a report to Dean Merrill?

Erdman: I had brought it up in 1925, and again, in talks during 1926 or '27. I've already mentioned it I think, that the governor took pains to point out how pleasant a life farming is. Well, to have that turn up as the first one...the list of purposes also covered marketing, and then added in a last point, "(f.) Any economic questions which concern the individual farmer and the members of his family, and affect their living conditions;..." and so on.

Chall: I wonder if that's been lost in the shuffle, that point f.

Erdman: No, there has been some bit of sociological--that's what that would involve--study. And it was some of that sort of stuff that led to the curtailment of the appropriations for research and caused quite a furor at one time in Congress. It was a study made of two areas in the San Joaquin Valley. In one of which there was principally small farming and the consequent type of social organization in the community; in the other area there was very large holdings, and again a



Erdman: description of the community life which had developed, putting emphasis on the fact that the people who were the actual workers and farmers under those circumstances had a different sort of social life than the second group.

Chall: And that report disturbed so many...

Erdman: It stirred up quite a controversy that led to some curtailment of some work in...

Chall: In the field of rural sociology?

Erdman: Well, not necessarily. But this field was the one that was involved in that, you see. And it was critical of the big farmers in this case; that was the slant that was put on the thing.

#### STRUCTURE

Chall: The structure of the foundation was such that it embraced a broad field of interests in agricultural economics.

Erdman: Yes. That was the thing that Frank Swett had referred to as setting the thing up in such a way that it wouldn't just be turned over to the people who were pushing at one thing. They wanted, rather, to include the present staff on the foundation and any new ones that were brought in. And what they did then was to try to include, by appointing them without salary, if-- in Forestry or Irrigation, or Agricultural Extension-- their primary work concerned economic problems.

So that you'd have, as a Giannini Foundation, that whole group. But particularly they wanted to make sure in the set-up that the then present agricultural economics department--which included farm management, and marketing and some research in land economics, and several people working on price analysis or these statistical studies that had developed under that earlier program--would all be included. That, you see, would give you the kind of organization which it had then. But that's what we have now.

Chall: Do you think Frank Swett was instrumental in encouraging Dean Hutchinson in developing this broad umbrella type organization?



Erdman: No. I brought him in merely because he was involved in the discussions which involved A.W. Hendrick, and since Hendrick was a very close advisor of Giannini. And, as I indicated a moment ago, presumably it was Hendrick's recommendation--when Giannini first turned down that gift of a million and a half dollars as a bonus to himself--that led to Giannini's giving that money to the University for research purposes. Hendrick was a former university president. By intimations from Swett, Hendrick also suggested the research grant could be set up so the production people couldn't go right on with what they were doing. And that's when, in the foundation outline, somebody put in those other provisoes, I see.

#### STAFF

Erdman: As I was saying earlier, I have no idea who all worked on that. I, of course, very quickly found that I was not consulted about those, so I knew I was not in line for the "big man" they were going to appoint and so on. Anyhow, I was surprised when Dean Hutchison was appointed. I had known him, not overly well, but moderately well, when he was at Davis, and knew he had been in Europe. So I was a little surprised, quite a bit surprised, as a matter of fact, when he was appointed, because he was a geneticist, an agricultural scientist, but by no means, in my estimation, an economist. And since these were all economic problems and that was what had been discussed, I immediately suspected some other plan was afoot, and I never heard whether there was or not. When he was announced as the new dean, I said, "Oh, that's it, that's the sort of thing I was looking for."

When he had come to the job, I had a lot of opportunities of talking programs and people with him. He already had one notion in mind that we ought to get interested in the foreign market--make some studies on that--and he immediately had in mind one of my old friends, Asher Hobson, who at that time was the American representative, I guess it was, of the International Institute of Agriculture at Rome. Hutchison had visited with Hobson when he [Hutchison] was with the Rockefeller Foundation in Europe, and immediately thought of the possibility of inviting him, and asked me my opinion. Of course, I had known him as a fellow



Erdman: graduate student at Wisconsin and had a high regard for him, so we got him out here. I think it was sometime in 1929.

Again, looking around, I couldn't get the exact date, but it was one of those very foggy, cold Berkeley summers, and I recall Mrs. Hobson being shown around the area. Mrs. Erdman was with the group, and how funny she thought it was when Mrs. Tolley, who was showing Mrs. Hobson around, pointed out that that was where you get a wonderful view of the Golden Gate, if the fog weren't so thick. Anyhow, it so happened that there were three Wisconsin women here at that time, one of them was Mrs. Hobson, Mrs. Erdman's home was also in Madison, and the other gal's husband was a medical student over in San Francisco. This gal didn't stay very long; she went home and let her husband finish his semester here, and then they both disappeared. In the meantime, Professor Hobson was offered a job at Wisconsin as head of the Agricultural Economics Department and he immediately accepted that and left. But I have always had a feeling that it was his wife's unhappiness that was one of the reasons why he left.

Chall: Did he stay long?

Erdman: No. I don't recall how long. I don't think he was here as much as a year.

Well, anyhow, Hutchison immediately wanted to get into what the problems were, and he, I think, suggested the possibility of my going with him to see some of the cooperative organization people with whom he hadn't gotten acquainted. I suggested that there ought to be more work on cooperatives with them, and assumed that the director would work with these people. I remember taking him on two or three trips to Fresno and Sonoma, particularly, and possibly Sacramento. On those trips we'd meet some of these people, or maybe attend some little meeting that they were holding to talk about some of the emerging problems.

This, you see, happened just before the Depression really got very bad. I don't have the date. The foundation was established early in 1928 and it was in the summer of 1929 that the Federal Farm Board was established under the Agricultural Marketing Act, passed in the early spring of President Hoover's term. Well, that puts it in the time period close to the market





Erdman: crash of that late fall. And in the meantime--or shortly before that--Tolley had been appointed...

Chall: I have Tolley's date here as 1931. Is that correct? I think I took it out of Hutchison's oral history.

Erdman: It was earlier than '31, I'm pretty sure. Hutchison arrived, you see, as I had it, in late 1928 or very early 1929, and it was quite a long while after that he had been toying with the idea of bringing John D. Black or E.G. Nourse in here. I didn't know for sure at the time how far the conversation had gone, but in his story he tells about having met Black early in the picture, and he was obviously thinking of him then. I had frequently seen Black and knew that he would hardly be interested, nor would Nourse, in coming out here because they were so well established. Black was at Harvard, and had been there only a short time. He hadn't gone there till the fall of 1927, so he was really not fully established there, but things looked promising and he got to working immediately with the Farm Board. He probably had already been interested in some of those connections.

Nourse was, at that time, in charge of the Brookings Institution in Washington, and I had seen enough of him, off and on, to know that he probably wouldn't be interested in coming out here, leaving that very interesting job in the active East. We were isolated, in their estimation, out here.

Chall: As you worked with Hutchison--making plans for the foundation, and taking him around to see the cooperatives and their leaders--did you get a different idea about him than you had when you heard that a geneticist had been appointed?

Erdman: No, I had known him as a man who'd get along with any of them. I didn't have as clear a notion of his scientific attitudes as I did later, but I'm pretty sure I was aware of the fact that he was lined up with the group of revisionists, insofar as he came into any of that in that early period.

I think I mentioned the other day how dissatisfied I was with the economics work that we were offering at the early start, and my insistence on the new applicants being on a temporary appointment basis so that they could take graduate work and work toward their degree on their jobs. These included both David Weeks and,



Erdman: about that time, Lindsay Crawford. And both shortly obtained their degrees, though after a lot of work, and I know they resented it at the time, but I don't think the resentment lasted.

Chall: Hutchison and you then were on the same track.

Erdman: Yes, I had no arguments with him over the thing. And he had picked out the men he was trying to get, like Black, and Nourse, Howard Tolley, the men I rated at the very top of the heap at that time. I had known Nourse as an associate. He was from the University of Chicago, just started before I finished my work at Wisconsin. Black, as I said, was a student at the same time I was, and I had known him as the best prepared student in the graduate group there at the time; best prepared in the sense that I thought he had better background and a broader point of view and also, he could come through with better statements on most of the problems which were coming up in graduate studies. You know how students size each other up. Well, it's just as true in the graduate group as it is in the primary grades.

Also, I had known Tolley from sometime in the early twenties when he moved into the Department of Agriculture and took charge, I think, of the old Office of Farm Management under Taylor--when he and Ezekial were working on statistical methods of handling the farm management data, from the point of view of working out, what I think later on became known as linear programming. At that time, whatever they did was called the budget approach to farm management. I was very much interested in Tolley's work on that, and in Tapp's work.

I tried at one time to see whether there was any chance of our getting Tapp out here, but Tolley ruled that out right away; they couldn't do without him. We did get Ezekial out, as a result of my maneuvering, to take part in a conference on the farm management problem here. I was not assuming that he could be stationed out here, but he did come out to talk over some of the problems of organizing the farm management work. But that didn't work out very well.

Chall: You mean, his suggestions for organization didn't work out?



- Erdman: No, they didn't appeal out here to people who were interested in the farm management work at the time. Well, actually, from there on, I don't know what one should say about the foundation work. I was no longer in charge at any of those periods then.
- Chall: Wouldn't the directors who came in have had some impact on your work or the work of the department? Tolley, particularly, and Alsberg, and Wellman. These were men who were in the director's position during the time that you were actively associated with the department, before your retirement. Did each of them have a special way of working?
- Erdman: Well, no, except that those were all statistically-minded people, and they were going ahead and doing many of the things that I had tried to get started earlier. Tolley, for example, immediately started out with a seminar on research methods and, except for my interest in the approach to qualitative analysis of the problem before you get to collecting statistics, and my working with some of this research committee, I had nothing to do with research there, to speak of, except my own, which was very much specialized.
- I got interested in a livestock marketing study and never got very far with that because while I was working on that, a problem arose from the pressure that the poultry producers in the southern part of California were bringing on the division for a more detailed study of the egg marketing problem down there. I dropped my livestock and took up the other one, which led finally to bulletin #656 on "Egg Marketing in the Los Angeles Area."
- Chall: So that as the foundation grew, and it was in fact, a Department of Agricultural Economics, you were free to carry on research and do your teaching, as you saw fit.
- Erdman: Well, my teaching wasn't affected by the foundation. You see, the foundation was specifically, I think, mentioned as somewhere in the gift not being part of the teaching. They would expect the teaching funds to be provided by the state, the foundation money was to be for research. Actually, it approximately doubled our budget, as the income at first ran somewhere in the neighborhood of \$50,000 from the foundation. But we were getting, as I remember, roughly something in the neighborhood of a little less than that from the regular appropriations of the time.



Chall: But you all do teach, don't you, and do research? Now how do you divide that time--that which is paid for by Giannini for research and...?

Erdman: That's an administrative matter. Go through the old records somewhere, you'll find once in a while a change in the recommendations to the dean in the amount of the Purnell funds or the Giannini Foundation funds to be allocated to my salary or Tolley's salary, or something like that. I think, primarily, Tolley was exclusively on the foundation funds, but I'm not sure of that at all.





## VII RESEARCH AND PUBLICATION

### VISITING THE MARKETS

Erdman: You had asked how I happened to get into those topics about which I did my research and writing.

Chall: Yes.

Erdman: I tried in most cases, in connection with the writing, to attempt to think my way through current problems, that is, problems which were a concern to the groups of farmers at the time. Some were written out in the form of talks. Chapters in American Produce Markets and articles and so forth were of that type. I had developed the habit of continuous observation of current developments as one aspect, and updating my marketing lectures as part of the process. And instead of formal research on the topic, I just often continued to make it a point to visit markets and marketing or processing plants at every opportunity. Thus at nearly every Christmas period from 1919 to mid-1930s and later even, I made it a point to attend the American Farm Economics Association winter meetings, never in that era meeting further west than Chicago or St. Louis. It was without exception that I extended my stay from a few days to ten days in order to observe markets in operation.

And the brief visits to Mrs. Erdman's old home in Madison, Wisconsin, and to my old home in eastern South Dakota were utilized in the same way. Thus in the latter two areas I asked myself and people in business, like local jobbers, how California specialty crops got there. Why some, like avocados and artichokes, seldom did. And where they got them, who used them when they did.



Erdman: Similarly, I made use of routine or accidental layovers at travel transfer points. On one occasion, when I wanted to interrupt a transcontinental trip by a side-trip from Omaha to Mitchell, South Dakota, where my parents lived, I found myself having to change cars at Omaha at about 3:00 a.m. I checked my baggage, walked the few blocks from the station to the produce market, observing operations and asking questions as opportunity afforded.

Chall: Well, that was a long night, wasn't it? That's the only way to get it.

Erdman: This particular layover was of particular interest to me. I happened to note one operator who had an unusual combination of California deciduous fruits on his platforms. Some I knew were normally distributed by the California Fruit Exchange; some, otherwise. I looked up the operator and found that his major interest was operation of cold-storage facilities for butter and eggs and that he frequently found outlets for some that he had stored or others had stored with him, in California markets, particularly San Francisco or Los Angeles. The return load was usually fruit picked up at convenient packing-house plants of California fruit handlers. This led me then, when I got back, to inquire about this same kind of operation, as it looked to some of the California handlers.

On another occasion, I varied my trip East by taking the northern route. A late train gave me a daytime layover in a Washington city, Spokane, I think it was. At any rate, I spotted a Swift and Company branch house not far from the station. I found the branch manager congenial and talkative. To me, a stranger, you see, he would tell things he might not tell local people. But anyhow, I was after an insight as to how this plant related to the whole system which I had previously, on various occasions, had the opportunity to observe.

Chall: This is all meat handling?

Erdman: This is meat and poultry and eggs. Produce, in other words. That kind of produce. In the same vein, I made it a point to take my marketing class on a tour of the San Francisco produce market and got a surprisingly high percentage of attendance, even though



Erdman: it meant taking a 5:00 a.m. red car to San Francisco.\*

Chall: Did you do this often? Was this just a routine thing?

Erdman: Every year. For years. With the Advanced Marketing class always a small group of five to ten, the visits took in some more specialized operations. I had learned that many operators of such were proud of their operations and were good at giving brief explanations of what they were doing. One of them, for example, was the Schweitzer Meat Company in San Francisco. It bought lamb carcasses so that it could be ready to supply the lamb chops needed for a dinner of 500 people at the Palace Hotel some day next week, let us say. It only takes a few cuts from each lamb, so that 500 chops means a lot of lambs. And beef involved similar problems; these parts of carcasses hung in long rows on hooks, aging, for prime steaks, cross rib roasts and all that. All this was interesting to a class, this specialized operation which makes it possible for the hotel to have a big crowd and feed them all these lamb chops or filet mignon, which means a special selection from a little bit of the back or other part of a big bunch of animals.

#### TRADE CHANNEL CHARTS

Erdman: This brings me to a question of how I happened to write about special things, and so I jotted down here some of the special topics which concern farmers and which kept coming up in my marketing class. Well, one of those was the term "too many middle-men." More than once I would have students in an early part of the course--I was trying to give them a bit of background of the problem--pop up, almost interrupting me: "Why are there so many middle-men?" Well, I'd have to hem-and-haw about that because you can't tell them in one minute, one answer, one sentence.

Anyhow, I would get to discussing such things as: What do you mean by too many? More than were needed in a given market, for example, the San Francisco or

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\*See also pages 117-123.



Erdman: Santa Rosa market, if everything were functioning perfectly according to somebody's theoretical notions? Just what do you mean? Do you mean that there are too many steps between the producer and the consumer? Well, that's part of it. It goes through too many hands. That's where I developed those trade channel charts, I think I've mentioned....I don't know whether I have discussed them with you or not.

Chall: I think so, and I think they are in your book, aren't they?\*

Erdman: Yes. They were. That's where they ultimately landed. For class purposes, I began to draw trade channel charts on the blackboard and soon I developed a number for various products, putting the material on cloth, about three feet by six feet, which I would carry to class or take to talks like some of those that I reported on.

I think it was in the summer of 1923 that we had an unusually large supply of small oranges. A San Joaquin Valley citrus association decided to develop a short cut. It opened an orange jobbing house of its own in San Jose and another in Oakland. The operation was so successful that its proponents began to agitate for its general application by the California Fruit Growers Exchange in other markets. The result was that a special marketing meeting was scheduled at Lindsay. I think it was in September or October, 1924.

Because, I presume, of my inquiries of a lot of people, I was invited to give a paper on the subject which led to the preparation of a group of the early charts. Anyhow, I've forgotten what I had entitled the talk, but they published it in one of the papers under the title, "How Far Can the Farmer Carry His Product?". It was published in best form in Citrus Leaves, February, 1925.

I felt at the time that I had helped cool down some agitation against the exchange, but nature probably did more than I. When the marketing season for the crop

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\*Henry Erdman, American Produce Markets (N.Y.: D.C. Heath and Company, 1928).





Erdman: was over, the innovative association turned to the sale of grapefruit and to other oranges in these jobbing houses it had opened. It soon became clear that this particular procedure was not satisfactory in ordinary seasons and both operations were very promptly discontinued. Just why, I never knew, and it wasn't mentioned, wasn't written up anywhere that I can find now.

Chall: When you say in ordinary situations it's not successful, does that mean when there's not a surplus or...

Erdman: Well, what I mean is that in ordinary circumstances, the California Fruit Growers Exchange, hoping to keep its normal trade flow under way, would not find it profitable to handle these small sizes, sometimes of poor quality, because they were featuring and marketing practically the entire crop in well-packed boxes, with each orange wrapped in tissue paper. There was a private trade in small sizes and "off quality" to which packing house operators sold truck-lots of in field lugs, without grading, just to get rid of them. These peddlers would haul them to Berkeley where we could buy them by the bucket full on Sunday mornings at the tailend of trucks, always at a very low price. We'd frequently load up on them (we being my family) because they were edible, though not attractive. You never knew for sure what the flavor would be, but they were cheap by comparison certainly with the packed oranges.

Well anyhow, that was merely done in connection with these charts. I tried to explain what is meant by trade channels; why are there so many handlers between producer and consumer? Pointing out that when you talk about eliminating middlemen and you organize a cooperative, you are really setting up another one to do something a little better or to eliminate some handlers. Anyhow, that was one topic that I thought needed clearing up.

Chall: Before we go off of it though, I'd like to ask you whether this was a unique way at the time of indicating this problem, of talking about it.

Erdman: I think it was, yes. There were some crude approaches. I don't recall anything like this at all in current writings. Some people talked about this approach being too much descriptive, and I always answered, "If it is descriptive, we need this kind of description,



Erdman: otherwise, students don't know what you're talking about."

## AUCTIONS

Erdman: For example, I devoted time at another stage to explain the functions of auctions. I ran across a little bulletin published by one of the Experiment Stations in the southeast explaining how economical a particular auction was, and doing it in terms of what growers got for the produce they were selling. When I began to study the write-up, to see where the auctions really fitted into the bigger market picture, I could see that what the authors were talking about as "the auction charges," were the charges for the particular auction operations which replaced the local buyers at a particular southern shipping point. Their statements comparing the margins of these auctions with those of the auctions in New York City were relatively meaningless.

Chall: So by analyzing it, you were able to...

Erdman: Well, I wasn't analyzing it well enough to know...in the sense of who was getting the money for the different operations, but I could see that comparisons of the margins they were talking about were wholly irrelevant in terms of their discussions of the marketing problem, as it faces farmers on the one hand or consumers on the other.

Well, anyhow, another topic I thought I had mentioned in that same connection was the F.O.B. auction. By F.O.B. auction I mean the F.O.B. telegraphic auction of 1923-4, which consisted of a main office, in Pittsburgh, which would assemble the information about cars which were to be sold through the auction. This information would come by wire from their agents in the local markets, whether they were from El Centro, or San Bernardino, or Spokane, if it was apples, and so on. The information would be based on a government inspection certificate which stated how many packages of what grade of what product were in that car, and on that basis they would offer the carlot for sale from this Pittsburgh office by telegram. And the telegraphed memo from this Pittsburgh office would simultaneously



Erdman: be read to small groups of buyers at Chicago, at New York, at St. Louis, at Cincinnati, and, I believe, at Los Angeles.

Anyhow, the auctioning began at each of those local offices at exactly the same hour, let us say at 9:00 in Chicago, and at whatever hour that would be elsewhere. As successive bids were received they were simultaneously announced in all groups, as were the final bid and the name of the buyer.

Chall: That must have been an exciting nerve-center in the early morning.

Erdman: Well, anyhow, this was looked upon as a salvation for the shippers by some, but others thought it was terrible, because it could make this fruit shipping a speculative deal. A man, let us say, who bought a car which has just been loaded in Los Angeles and is now on its way East could sell enroute and next day the new buyer could sell; and some were thus bought and sold several times. Well, you can see where that might happen, and it did happen, if, for example, this car started when there was a surplus and the market was stalled because of some bad weather conditions. As the market price was gradually picking up as the car was moving on its three thousand mile trip, it might be sold several times, each time at an advance in price, or it might also be at a drop in price.

Anyhow, the question then came up as to what were they eliminating? How do you compare the prices of these? This only lasted a few years. By that time there were three auctions competing with each other.

There were criticisms of the inspection service, criticisms of alleged crookedness in connection with the inspection--both the government and the private agency which were doing the inspecting. Anyhow, it passed away, and has not been reopened, though it could have been a different deal had it been taken on with television, let us say.



## CLEARINGHOUSE

Erdman: Another type of operation which caught my interest was the clearinghouse scheme of improving distribution. The first industry-wide cooperative deciduous fruit organization had been promoted with the idea that it would soon include the major share of the deciduous fruit crop. That was the California Fruit Union in 1885, but it very quickly was shattered. Farmers wouldn't support it. Private dealers set up competing organizations, and the association could not make good on its notion that it was a more efficient sales organization than the private operators who were equally good men, or better men in many cases.

In 1894, Harris Weinstock, of the firm of Weinstock and Lubin in Sacramento, had proposed setting up a bureau of information to be operated by the California Fruit Growers and Shippers Association. This organization was established in February of 1895 and was continued to the end of the 1901 fruit season. It was designed to eliminate the alternate glutting and starving of fruit markets as our fruit moved the three thousand miles from the Pacific coast to the leading eastern markets.

Harris Weinstock then was the head of this organization for several years, which obviously didn't serve the purposes he had hoped it would. There continued to be agitation for a strong deciduous association. This whole thing is discussed in the bulletin by Kraemer and myself in History of Cooperation in the Marketing of California Fresh Deciduous Fruits.

In 1916, when Harris Weinstock had been made director of the state Bureau of Markets, or whatever it was called at the time, he proposed a state Bureau of Distribution, but he found that the two big cooperatives would not take part and [he] became very critical of them--the California Fruit Growers Exchange and the California Fruit Exchange. But both had sad recollections of an earlier experience. In 1903, the Southern California Fruit Exchange had joined a group of private shippers in a sort of gigantic organization to make sure the distribution was done efficiently, while the California Fruit Exchange had joined a similar group of deciduous fruit shippers. The Pacific Rural Press of the time referred to the plan as "the





Erdman: California fruit lambs lying down with the fruit lions." (It was quoted in Erdman-Kraemer, page 92.)

Beginning somewhere around 1923, a new wave of clearinghouse movements had started in California because in nearly every one of the perishable crops, of which there is a long list, you find seasonality coming into the picture. As each crop matured the early shipments brought high prices. At the peak of shipments ruinously low prices. This happened repeatedly--with Tokay grapes at Lodi, with early potatoes at Shafter, with early apples at Sebastopol, and other crops. Well, these things are the types of situations that confronted the growers and led to this wave of clearinghouse attempts to keep the markets functioning smoothly.

Chall: Would they warehouse this produce and distribute it at certain times?

Erdman: No, these things are not warehousable. You have to move them. The hope was to avoid alternate glutting and starving markets. Publicity on car movements, it was held, would eliminate this.

You can let fruits stand a few days in the refrigerator car but that is not the best, most efficient way. Anhow, this led, in 1932, to the passage of the Agricultural Prorate Act by the California State Legislature and by the same body a year later, I think it was, of the California Agricultural Adjustment Act of 1933. That is discussed in the California State Department of Agriculture Bulletin for the January to March period in 1956, pages 20-21.

#### PRORATE ACT

Erdman: Anyhow, this was again a topic of discussion and that led to further discussion of the clearinghouse notion and then of the Prorate Act. Several articles in the list of publications deal with the Prorate Act and that sort of thing.

Chall: Well, those were very important at the time.



Erdman: Yeah, but... I was always thinking of the question of the extent to which these things were really as helpful as they were supposed to be. They looked so simple, but I remember the first Prorate Act, the first attempt at using the Prorate Act in that Lodi area: there were a lot of controversies over whether or not you had shipped too many grapes or you hadn't.

It is impossible to estimate accurately the size of each farmer's crop, hence also the total crop. If you are going to harvest ten percent of your crop this week and that would be your quota, it'd have to be expressed in numbers of boxes probably because otherwise you have no way of saying whether you've shipped ten percent or not. But you didn't know, and you wouldn't know until the crop was harvested, how big the final yield would be. And so there was so much argument that that method was pretty shortly discontinued, but there was repeated switching back and forth to this plan or some other plan.

Chall: The main problem was to get all of the producers into some one plan so you could control the market.

Erdman: Well, that was the ideal toward which they were aiming.

Chall: Now, you were a strong proponent of the Prorate Act, weren't you?

Erdman: Well, yes. When it first came... I had been arguing that there are such serious limitations on the clearinghouse notion as an effective weapon for that kind of thing, that you couldn't go ahead and name the kind of prices they'd like to name. I favored the prorate plan as compared with the voluntary clearinghouse. They kept thinking, oh there must be some way of doing this.

So this Lodi situation came particularly to my attention because I had worked with some of them. About that time Stokdyk, who was on our staff, was studying the grape market. When the Lodi people sent a committee to us to ask if we couldn't make a more detailed study of their problem as differentiated from the total grape problem--which was serious and there'd been a lot of study of it--we set Stokdyk to work. I saw a lot of what he was digging up.



Erdman: He got acquainted with the shippers, and as the season went on--the study had started early in the spring--a bumper crop appeared to be developing and they began talking about the possibility of setting up a clearinghouse again, and so they finally did. We talked about the limitations, the failures of past ones, but they felt something had to be done this season, right now.

So they did organize that kind of clearinghouse, and had about eighty-five percent of the local crop included, signed up, I mean. And then they discovered that the two or three small packers who had refused to join, during one particular week had shipped fifty percent of the total quotas that had been allocated to the area.

Chall: That takes care of that.

Erdman: It did take care of it. The rest just stopped. They discontinued operation of the system and let the thing just go, then. Well, Stokdyk and the Farm Bureau lawyer, Ed Abel, got to working on the problem of finding some legal device to making everybody subject to some kind of restriction when the big majority wanted it.

A comparable arrangement was the notion that had developed in California in connection with irrigation or drainage districts. An irrigation district, for example, might include a whole group of farmers who wanted to take water out of the river or out of the ground in that area but some would object. It had become established that you could organize an irrigation district legally in the area if a suitable number of those who were involved would vote for it and elect people to run it. And the charge could be levied even against the man who said, "I don't need it in my particular case." Anyhow, out of this came the Prorate Act which soon went to the courts and was sustained on somewhat that type of ground.

Chall: The Prorate Act?

Erdman: The Prorate Act, yes.

Chall: Is the history of who was involved in getting that through the legislature and how it came to be, is that all written some place, so that we don't have to go



Chall: into it? Do you remember any of the outstanding people who pushed this through the legislature?

Erdman: In the legislature, no, I don't remember. But one would have to go and see who in the legislature helped push the legislation through, but the Farm Bureau and groups of fruit growers quickly saw its possibilities.

Chall: Did you or Mr. Stokdyk take a role in this at all?

Erdman: No, not in pushing the legislation. His role, and my role, were in connection with explaining what was involved in that sort of thing, and the problems of operation as the Act became law. You see, once a group like this Lodi one got into the operations, it was a matter of real concern to a pretty substantial number of prominent businessmen; and men in other lines of work were also watching the thing. And many might have thought that this was wholly un-American, but they could see a situation there that they'd need to take care of.

Then simultaneously with this development in California, there was a developing in the U.S. Congress, in Washington, the Agricultural Adjustment Act in which some group--I think it was a Farm Bureau group, suggested inclusion of provisions for the establishment of marketing agreements under which, if a substantial number of growers and shippers signed--let us say, in the Lodi area, two thirds of those involved--the U.S. Secretary of Agriculture could, if he concurred, issue an order making the plan applicable to all.\*

Chall: So it was like the Prorate Act.

Erdman: Exactly. Only it seemed after a while to be more acceptable from the point of view of how it would operate and was used more frequently than the Prorate plan. I have discussed those in a number of places.

Chall: How did the prorating work out? Is it still in effect and did it help these problems during the late '20s and '30s?

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\*See E.G. Kourse, "Marketing Agreements Under the AAA" (Washington: The Brookings Institution, 1935).





Erdman: It helped in the short run. It's obviously a thing that can be worked for the short run, for a seasonal or annual crop. But, if you stop and think about it, you can see that it also would not work in the long run because then the individual farmer begins to plan his plantings with the idea that if he over-plants, he will be taken care of, and you've done away with the advantage of it as a long run operation. You would still have seasonal surpluses, plus an annual surplus.

Chall: Its primary reason for being was in distribution, but it didn't have anything to do much with the problem of oversupply, did it?

Erdman: Well, it was really designed to make producers share proportionally any loss resulting from oversupply, but it had no "teeth" that could be applied to land devoted to this crop; that's where federal regulations appeared to be better--the crop quotas I mean. The voluntary plans that had been tried, of course, had always been broken down by the fact that a few individuals see a benefit that they can get by violating the rules set up by the majority.

In other words, if the individual members of a group see they can get the advantage of a control scheme without taking part in any of the restrictions and charges, their reactions are different than those of the control managers. The atomistic behavior of the individual assumed the demand curve was horizontal; the management for the group saw the down-sloping curve of the monopolist. That was ignored by people like Ralph Merritt when he set up a surplus control deal under cooperative thinking for converting a lot of surplus raisins into syrup. From eighty-five percent of the crop, control soon shrank to sixty-five percent and finally to about thirty-five percent.

Anyhow, he hadn't realized how much it would cost the members after a lot of people had pulled out of the deal. And each time it reduced the net returns of the members, who adhered to the plan...putting more and more pressure on the individual to get out of the control plan.



## THE MARKETING OF WHOLE MILK

Chall: Fine. I had wanted to get some of the background, particularly as it dealt with your own thinking and activities on the subject.

Erdman: Well, I jotted down a number of other things of that sort. There were a number of other topics of that sort which I perhaps should have brought in. Well, going back a little to one of the earlier ones--the marketing of whole milk--you noted on your outline. What I was going to say about it: this topic had been stewing for a long time, either on the front burner or on the back burner.

Chall: In your mind?

Erdman: Yes. In a sense, it started in September, 1914, with the seminar at University of Wisconsin on city milk supply, and my research topic in that seminar on the proposed municipal milk distribution in a Wisconsin town. It simmered while I was working on the Wisconsin milk marketing study the next year, published in the Wisconsin bulletin with Hibbard. And then it simmered some more while I was in the early period in Ohio, working with the milk commission, and during the latter part of that period, was writing the thesis, mostly on weekends, evenings, and holidays.

Chall: And you were writing on milk, too, weren't you.

Erdman: Not at that time, no. The war had ended and the milk commission had gone out of business, and so we had no milk study going on. But I had gotten this thesis outlined as an "extra curricular" job while teaching and getting a tobacco marketing study under way.

## AMERICAN PRODUCE MARKETS

Erdman: With regard to American Produce Markets, this was undertaken at the suggestion of Dr. E.G. Nourse, sometime about 1925. He had entered into a contract with a publisher for a series of books on agricultural economics.



Erdman: Walter Hedden, then with the Port Authority in New York, would write one on how great cities are fed.\* Clarence Holmes, of Iowa State College, was to write one on economics of farm management.\*\* Nourse was to write one on agricultural cooperation, which hasn't been done yet. A.B. Cox of Texas was to write one on cotton marketing. And Dr. Nourse suggested that I might very well do one on produce marketing, which led to American Produce Markets.

It fitted neatly into my course on marketing, so in addition to the hour or so I often put into the preparation for a lecture, I again used every available evening, holiday or weekend, to do a longer job on those different sections. During the several years of work on this, I developed a system of current accumulation of ideas, which was a modification of approaches I had learned from Dr. Ely at Madison, when I found that he always kept slips of paper at hand to jot down ideas which would show up later.

Chall: I understand you do the same thing.

Erdman: I still do it. With a dictaphone on my desk it was easy to accumulate items from current periodicals or from the books I would have occasion to review or could get from the library any old time and ask the transcriber to put them on 3" x 5" cards or perforated yellow sheets as the occasion would demand. This system later helped keep courses up-to-date and also provided material for articles. I think I've already mentioned that. I had my course outlined and chapter folders in the files here to which these things could be directed by a filing clerk or by myself very easily. Anyhow, this was the procedure which I used in connection with those trips I took.

The method led to one amusing experience. In the 1930s an organization calling itself Farm Chemurgic was

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\*Walter Hedden, How Great Cities Are Fed (Boston, New York, etc.: D.C. Heath and Company, 1929).

\*\*Clarence L. Holmes, Economics of Farm Organization and Management (Boston, New York, etc.: D.C. Heath and Company, 1928).



Erdman: promoting the idea that the current farm surplus could neatly be disposed of by converting the surpluses into needed industrial products. For example, converting surplus corn or wheat into alcohol and requiring automobile and truck users to mix this with the gasoline they used for their power.

I accumulated quite a stack of material put out by the organization. I felt it was misleading farmers into expecting something from this approach, which incidentally was a part of the movement which led to the establishment of the Agricultural Research Laboratory in Albany, near Berkeley. There were to be four of those, finally. One is a wood laboratory, I think, in Madison, Wisconsin, and one was this Albany lab. I don't know where the others are, but they were all to do experimental work aimed in this direction.

Chall: Are they still at it?

Erdman: Yes. Not with that motive, particularly. I was invited at about that time to discuss Farm Chemurgic's program at the annual meeting of the Canadian Agriculturists Association, which was an organization, as I remember, that had the leading agricultural workers, including the counterpart of our Agricultural Extension people (our agricultural county agents), and the research and other administrative people.

I took my dictaphone and the pile of Farm Chemurgic propaganda home and stayed away from the office for a couple of days. I systematically went through the pile of material, dictating notes or aspects I considered worth discussing. When the cards or sheets were classified, I found it easy to write my article.

I had no idea who would advocate the particular surplus control program when I got to Vancouver, but it turned out to be a well-versed convert, who had just recently spent two weeks at Detroit headquarters of Farm Chemurgic. He gave a rousing talk on the subject, all extemporaneous, not a note to remind him of anything. When my turn came, I got up and read my paper. I seemed to have met every one of his arguments, a point that was mentioned by the local press the next morning.





## "WHO GETS THE BENEFIT"

Chall: How did the group take that?

Erdman: Well, with a good deal of laughter about the way it worked out. People wondered how in the world I could have had all the answers ready.

Another topic that bothered me a long time--I think I've mentioned earlier in one way or another--the topic of who gets the benefit from agricultural improvements. That also simmered a long time. I think I noted earlier that I had been impressed in my graduate student days by the tendency toward an equilibrium in an economy, as discussed by men like John Stuart Mill, Malthus, and others in connection with the problems they were discussing. I had begun to think of its implications in my teaching of agricultural economics just before I came out to California.

Then it came up very early here. The first recollection I have of bringing it up at all was in the applications to the farm problem when I spoke to a group of businessmen at El Centro. I think it was in January, 1924. Later that spring, I spoke at a meeting of farmers and colleagues, mostly the latter, at Berkeley, at which both Dean Hunt and the Extension director, Crocheron, dwelt on the reluctance of farmers to try new methods, and the problems of getting our college staff to get things over to them. When my turn came, I suggested that maybe it was fortunate that farmers didn't all adopt the improvements immediately; the effect on prices of farm products would be disastrous. The idea was mildly brushed aside.

The idea simmered some more until the Fruit Growers and Farmers convention in 1926, I think it was. I had been asked to discuss the marketing problem. The speaker ahead of me was advocating an increase in the tariff on farm products as a means of farm relief. He had just come to the need for a tariff on bananas, which were being imported in ever-larger quantities. The efficient chairman, director Hecke, of the state Department of Agriculture, with his eyes on the clock, told the speaker that his time was up. Then he called on me. Now since my paper was well within the time limits on the program, I suggested that I would like



Erdman: to finish the previous speaker's comments on bananas. I suggested that if a tariff were levied, the funds developed from the duties importers paid on bananas be used first to pay each farmer who quit farming \$1000, then give him \$500 to be used on training for a non-farm job.

Chall: My, you really were riding against the current at the time.

Erdman: I pointed out that the proportion of U.S. workers gainfully employed in agriculture was then only about twenty-six percent of the total gainfully employed, whereas fifty years earlier, it had stood at something like eighty-five percent. Then I proceeded with my scheduled talk.

The only comment made on my talk after the meeting broke up was by the president of the Farm Bureau, who met me in the hall and with a snide remark suggested, "When you get a good idea, Erdman, come and talk to me about it." Anyhow, that night, this banquet speaker, Governor Young [Clement C.], took several minutes to say that he hoped the afternoon speaker who'd urged farmers to get off their farm was in jest. He elaborated for some two or three minutes on the beauties of farm life.

Again I let the topic simmer. In the fall of 1928, I had an opportunity to present a paper before the American Farm Economic Association on the subject. This time I suggested serious study of the possibilities of encouraging the farm-to-city movement. This was published in the Journal of Farm Economics, January, 1929. But the idea kept on simmering.

In the summer of 1952, which shows how stubborn I am, I gave it a different twist in a paper before the Western Farm Economics Association. My topic was, "Progress Calls For Readjustment." I suggested that it was status quo thinking to assume that when we introduce a change, other things remain as they were. The persons who, in 1910 to 1912, were forming better farming associations thought they would thus keep boys on the farm. The reverse happened. The article emphasized the need to facilitate changes as progress makes old methods obsolete. We need to ask ourselves where the completion of the diffusion process leaves the interest of the various parties. We should adopt a policy of facilitating voluntary individual adjustment



Erdman: to changed conditions. And I suggested some half-dozen approaches.

Chall: In the 1920s, when you were first broaching this idea, and you were saying that people should get off the farm, be trained for other things, you were met with hostility because that was the era of agricultural fundamentalism. By 1952, were you being met with the same kind of hostility?

Erdman: I don't know. I have sometimes wondered just what their reactions were to this because I thought some of the notions I was giving there were sufficiently revolutionary in some ways so that you would think they would comment on them. But just the other day I was looking through some things which I thought should be discussed, and I do not find either of these articles cited anywhere by writers on agricultural policy.

Chall: Neither of these being, "Who Gets the Benefit?" which was the first major one, and then the "Progress Calls for Readjustment"?

Erdman: That's right. Now I didn't know that there was any real hostility except this Farm Bureau president obviously didn't like it.

Chall: Governor Young didn't like it either.

Erdman: Governor Young certainly didn't like it. And in recent years I've seen violent attacks on some government officials who have dared to suggest there are too many farmers. And the farmers have complained: "Instead of making sure that we get good returns, they want to kick us off the farms."

Chall: There have been lately proposals for closing marginal farms and putting in park lands and conservation areas.

Erdman: That's right. But that comes very late, you see. That is what has been going on in New England. New England went through this. And I recall a study made by Henry Taylor after he was kicked out of the Bureau of Agricultural Economics because of some of his ideas. He went to work with some organization and made a very interesting study of, I think it was Vermont, and the New England area generally, from the point of view of what the people are doing now, as of that time.



## DEFINING COOPERATIVES

Erdman: And that brings me to another aspect, that was wholly different, regarding why I wrote, got into things. It may look funny to find in my writings this little thing on Associated Dairies. Why did I ever undertake that?

Chall: "The Associated Dairies of New York as Precursors of American Agricultural Cooperatives." Why did you write this article?\*

Erdman: This came up partly because I was interested at the time in the revolving finance method of operating in California organizations. I had gotten the impression that some of the people who had come from New York had had knowledge of financing of some of the old Swiss dairy organizations, which had pre-dated the New York group. Then I looked up some of the writings of men like Sapiro. In his heyday he was talking about what he called "the California plan."

When I began to read about some early American organizations, I wondered, "Well, what was the form of those?" I found nothing descriptive of them. So I decided to see if I couldn't find out something more in the sources that were available. I think it started in the first instance with an attempt to locate the names of men who had come from those areas back east where they had tried either the cooperatives of the Brook Farm era, or the cooperatives of this early dairy movement in New York. They called the cheese factories Associated Dairies. They were formed at the time the corporation was just emerging as a form beyond the partnership.

I couldn't quite match what I thought had gone on with what I was reading had gone on. What these people kept talking about as cooperatives didn't seem to me to be that. I discovered that the term "associated dairy" was being applied to any cheese making operation that used the assembled milk of a cluster of farmers as compared with one serving only one farmer. The

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\*This is discussed again from a slightly different perspective in Chapter 9, pp. 225-226.





Erdman: cheese factories proved to be more efficient in making cheese than were the individual farmers, each trying to make little batches of cheese for themselves and putting out cheese that varied widely from farm to farm and was often inedible. Only the better farmers could do a good job, especially if they had some good household help in the form of some unmarried daughters who were getting ready to go out and marry neighboring boys, who would also be good dairymen.

Anyhow, here was a manufacturing process, which meant bringing together the whole milk of small clusters of farmers and having it made into cheese at a central point by a skillful cheese maker, and then somehow or other storing and selling it. Well, all those processes--the legal set-up, the getting of these farmers together, and the building of the plant, and who owned it, and how it was operated--those were things that were not discussed.

I couldn't figure out from this whether they were cooperative or not. And that led me to all sorts of correspondence, which in turn then led to contact with a local history group at Cornell that really didn't know about it either. But when I began prodding, asking specific questions: "Is there any source on this?", one man actually went out into the country and dug up some of the old records and sent me photostats of old pages in newspapers.\* I had an idea at the time I might take some time off and go and live in New York for awhile, but this research was all done through correspondence.

I haven't seen this article discussed either. I don't know whether anybody has followed it up on the spot or not. But I had one idea that I thought was different from others. It again is over-simplified or maybe misstated by me. That concerns what is the distinction between a cooperative and a joint-stock organization. The term joint-stock organization has come to be common in cooperative literature, but when the New Yorkers formed what they called joint-stock companies, they were apparently thinking of a somewhat

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\*Webster J. Birdsall, one time director of New York State Bureau of Markets.



Erdman: different type of organization than those to which our writers later applied the term joint-stock.

As I noted here, a large number of writers now have referred to the ordinary corporation as joint-stock organization. This was true, let us say, of writers like Hibbard, Ellsworth, and even Woodrow Wilson and some others. In their references to these, they wrote about them as joint-stock companies as contrasted with cooperatives. But as of that early date--the period I was researching--these were probably this other type of joint-stock company, which was actually a kind of predecessor of the corporation. The contractual arrangement between these dozen farmers who made up this local company, each of whom had a share in it, defined apparently his participation in it. Anyhow, it was a different notion.

But people have then talked about these earliest ones as being cooperatives and actually, I got hold of some information then to show that the first one was clearly not what we would call a cooperative. But by the late fifties many of the New York cheese organizations had clearly developed what we in California here talk about as the basic notion of ours: of pooling the crops according to quality and so on, for one thing, and of contributions in proportion to the business, which is the basic notion in our revolving finance scheme.

Chall: I see. But it's not a cooperative, as such.

Erdman: Yes, but that is a cooperative feature, though the organization may not have been cooperative in some other senses. But anyhow, I was trying to get a notion of what in the world they were talking about there. But it didn't take me to New York.

Chall: Too bad. Well, you probably had interesting correspondence.

Erdman: I did. One man who wrote me was a man whom I've lost track of now. I've never known him. But he was at one time Director of Markets in New York. He wrote me how much he was interested in my ideas, and we had a lot of correspondence, following this letter of mine which had been passed on to him. And through him, some of this additional information came. Now I've lost track of him. I'm afraid he may have died; he was sick.



- Chall: I see. But some of the people I assume you met eventually at meetings or other places?
- Erdman: Not so many, no. I didn't travel much after this date. Didn't get back there so much.
- Chall: I understand that Mrs. Erdman was a pretty good editor. Did she edit your work? They're written well.
- Erdman: On milk and on American Produce Markets she did. She did the typing on the milk thesis, and did some digging out of some of the things in the Ohio State library when I got interested in some of the early organizations there. And she did the typing on the American Produce Markets. But ordinarily she didn't help.
- Chall: She didn't read your manuscripts and suggest changes, editing changes, or anything else?
- Erdman: Not after those early years. She got involved in family and public affairs.
- Chall: Dr. Wellman told me that she had helped him a little with his thesis.
- Erdman: Yes, she helped on a number of things like that. I remember one thesis for another chap, who long ago disappeared, I don't know where he is now. She typed the whole thing for him. But on numerous occasions, she did some typing for some of them. She was very good at suggesting changes. She always watched for bad English.
- Chall: He said she'd given him some pointers about not putting everything that you know in at one time.
- Erdman: Well, I was always inclined--I still am--to think that too much is pertinent.

#### GRAVENSTEIN APPLES

- Erdman: One other thing I was thinking of discussing a little bit was our work here on apples. I was first drawn into the apple story when--I think it was in early 1926--I'd been asked to dig up some information on apples. I don't recall that I preserved any of the talks or anything, but I remember that we had a number



Erdman: of meetings in the Sebastopol area in which I discussed what I had found in my earliest studies of their crop. The growers were very much concerned because, in the specialized Sebastopol area, they were raising the Gravenstein apple, which was an early variety, not available anywhere else in great quantities, and it got into the market in competition with the tail end of the storage apples. About August 1 when this early apple was thrown on to eastern markets, there were some early apples but not many; but there were to be found the tail end of the storage apples--mostly north-western but some eastern--which were of pretty poor quality because storage had not been developed to the point where it would carry them through. Also they didn't know which varieties were the best storing apples.

Well, gradually over the period of ten or fifteen years, this specialized crop had developed in the Sebastopol area. The growers were always eager to get the crop moving because the market for early apples would start off high. And the apples, unfortunately, colored rather beautifully with this striped red on a green background before they were sweet enough to eat. It made an awfully attractive apple, but if you weren't careful, when they landed in the East, they would be sour. They got reports that those early apples would be bought by somebody who'd think, "Here are some nice fresh early apples," and then the kids would take a bite and throw them away, and of course mom wouldn't buy any more.

They'd make excellent pie apples, and we had suggested that at the start of the season they should organize and restrict the shipment of underripe apples, except as labeled pie apples, so that people would know that what they were getting were cooking apples at least until they reached a certain maturity. But nobody could be gotten together on that. Somewhere people are always wanting to "jump the gun." So I discussed that. Well, then, they had a problem, wanted to organize somehow or other, to get the whole Gravenstein area into one organization, and there were squabbles over that.

Then finally, in 1927 or thereabouts, the state Bureau of Markets had been rejuvenated. It had been allowed to be quiescent a few years after Weinstock's death. And someone then in the state Bureau of Markets





Erdman: had gotten the idea that certain organizations with special problems might well contribute ten or fifteen thousand dollars to have the bureau with its staff make a good study. And they made one of, I think it was, peaches, financed by a San Francisco farmers group. Then this ambitious state Bureau of Markets group, wishing to follow that through, ran afoul of an inter-territorial rule. The state Director of Agriculture had an understanding with the dean of the College of Agriculture that the research would be done by the College of Agriculture, and the state Department of Agriculture should deal with problems of regulation under various laws of the time--administration, inspections, and so forth.

So when a committee of these farmers from Sebastopol went to the director of agriculture to ask about the possibility of making a study of apple marketing, they were referred to the dean of the College of Agriculture. So they came to Berkeley and showed up unexpectedly one morning as a committee to find out from the dean what we could do for them. Dean Merrill of course called me in. I couldn't tell them where we could take hold because we were having our own problems hiring personnel for research. So I stalled, telling them we'd do something.

I had made an offer to a young man who was working in the state Bureau of Markets. After some hesitation he had written just before the Sebastopol people called on us, saying, he could not accept, that he had decided to stay with the state Bureau. That was after I had found out that we didn't have money enough to hire the man I really wanted--E.A. Stokdyk, of the Kansas Agricultural Extension Service. Now that meant he had been given a better offer there. So I went to the dean after our conference with the apple growers and told him that we simply couldn't get acceptable personnel at the salaries to which we were restricted. And, he wanted to know how much we'd have to pay Stokdyk. I told him what Stokdyk had written me, showed him the letter, I guess.

Chall: This was what, in 1928?

Erdman: This must have been in 1928.

Chall: How much was it?



Erdman: I don't recall now, offhand. But anyhow we needed at least \$1000 more, if I remember it. So he said, "Well..." And I said, "Unless we do something, they're going to bring pressure on the Director of Agriculture to have this done by the Sacramento group." So he said, "Well, all right, we can arrange to get him." So Stokdyk came.

In the meantime, we got started on organizing a bigger study than we had at first planned to do. It was done in a hurry again. We included the idea that some of them had urged, that we ought to send somebody back East to see what the market looks like when apples are moving. And we decided to make arrangements with the pomology division to send the man who had been working intimately with apples and knew varieties, their qualities, and storage qualities, and so forth. We also included in this study the retail market here, and innumerable aspects of the market. So it led to publication of this rather big apple bulletin.

Chall: Did this make some modifications in the apple industry in the Sebastopol area? Were they able to change?

Erdman: Well. For the time being, yes. The particular thing they finally came back to was the clearinghouse, the apple growers' clearinghouse. It was an ambitious thing, and again it looked like a feasible way of doing it for the season. But there were just enough frictions, and maybe lack of comprehension of how it ought to work, and local jealousies to make for some difficulties. And it didn't stay put very long.

Chall: Clearinghouses just didn't work well, apparently.

Erdman: Well, you see, you had the same notion that you'd had before, of any given regulation affecting different sections differently. For example, one of the earliest controversies that I ran into when I was first looking into the apple problem was one that puzzled me. There were two sections with slightly different maturity dates in the area that was embraced by the old Sebastopol Apple Growers' Union, out of which the conflicts repeatedly arose over pooling. The price of early apples was always highest at the beginning of a season and then it sloped off. It so happened that the northern section had the earliest maturing apples, and the southern one came in a little later.

So if you ever had an association-wide pool, there was bound to be unhappiness on the part of part of these



Erdman: people. The shippers of early apples would want a short-term pool; the others would prefer a seasonal pool. Then some would send immature apples. The others would complain, and you can just see what a mess you'd have.

The organization did split up, largely over that issue. Pretty soon, you had a couple of associations operating, three of them at one time, as independent operations. Those things don't work as well as you can draw them up on paper.

Chall: Because people are involved in them.

Erdman: Too many people involved with different, better ideas.

Chall: Quite a bit of the crop--I don't know how much--now goes into canning.

Erdman: It does now. That was a more recent development. Then they developed the idea that these Gravenstein apples, which are such excellent pie apples, are really better with the new modern freezing methods than almost any other apple. They made wonderful pie apples and cooking apples.

Chall: But then it was all fresh. They had to send it off to the market as fresh produce. This was a concern.

Erdman: At that time, yes. There was a big market locally for apples for cider and such stuff as that, but it was very low-priced market. The alternative was feeding to the hogs, or leaving in the orchard on the ground. You could rescue some and dry some, but that was again a salvage operation.

Chall: During the period of time that you were following it, what cleared up the problems, if they ever were cleared up?

Erdman: Those problems don't clear up. One of the things I keep coming back to is that these economic problems do not stay solved. People get them solved, they think they've got them solved, and then things slip as a readjustment takes place.



## THE EGG STUDY

Arldman: You asked about my independent research. When there was particular pressure to get something more done on the egg study in the southern part of California, I decided to drop a livestock study I was working on, and go into this egg marketing study. Several people had done parts of that, but a little controversy had come up in connection with the demand by some of the Los Angeles producers that there be an egg auction established to replace the then existing system of selling eggs on the basis of a quotation by the Los Angeles Egg Exchange.

I had talked to a small group of the Farm Bureau people. I had talked to them about the eastern auctions, which I had visited that previous winter, and had told them that, as far as I could see, the auction was really not the best answer for them in the Los Angeles area. The peculiar circumstances in which the auction was working in the East were so different from the situation down there at Los Angeles. I suggested however that for a relatively small amount they could organize an auction and try it out here. That suggestion brought a very critical letter to Dean Hutchison demanding that they put somebody on the study who really could do something about it, and so on. The dean sent me the letter, and I went and talked to him about it. He wrote them a letter--I have it somewhere I think. Anyhow, the upshot of it was that I took over that egg study.

Voorhies had gone down on one occasion, and our extension man John Schneider had gone down, and they had done a little to answer some one or two questions. And then after that, I had been brought in here by accident, sort of, to talk to this group. So when I went down, I decided that I would try to really get to the bottom of this. I had wanted to, sometime or other, find out a little more about how the quotation was established; how did this work when a small group of men got together each morning and sold some eggs to another group, bidding back and forth. I had frequently watched the operation and wanted to study it in more detail. I wanted to check up on the criticisms of the farm group. The local Farm Bureau people had sent us a roughly made chart showing the prices on the market down there. When I reproduced that from the original figures that were published, I got quite a different chart. There were clearly some mistakes in their chart.





Erdman: Anyhow, I decided to do some careful work on that. What I did was to try to understand in detail just what the regulations as to the grades meant, and what the quotations meant, and then organized some charts to show that in the study as we published it.\*

One, for example, a series of vertical bars on page twelve there: the series of vertical bars on a scale showing the relationship of the price the pick-up man pays typically, and receives, and the price that the exchange quotation was at the time. That was shown at the middle of the chart by a dot, and then the price that the retailer pays for grade A and grade AA and so on up above, showing finally at the top price, the top grade of eggs, U.S. Specials as they called them then, cartoned and delivered to the consumer on retail milk routes. That was the highest one. The graph was meant to show that what the spread was, really depended on which eggs you were talking about...

Chall: Which grade of eggs?

Erdman: Which grade of eggs and noting the fact that the grade of eggs changes over the course of a few weeks, often during the merchandising process. I developed a chart on page fifty-six, for example, to show that. I developed a chart to show what happens to quality during the marketing process. Suppose a carton brought in with all Specials--every egg in the carton a Special. But after a week or so, whatever it would be, one egg or maybe two eggs would drop below grade because they would begin to deteriorate. And with that process continuing then, after time enough had elapsed in the marketing process for the delayed cartons to get moved to a consumer, you'd find some of the good eggs away down in the egg quality scale.

Chall: And who would get these?

Erdman: Well, whoever bought them at the retail grocery store would get the poor eggs. They are all in the same carton. Well, anyhow, that was the thing that needed to be considered when you're talking about getting the consumer quality. And eggs at that time were not being

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\*"Egg Marketing in the Los Angeles Area" (Berkeley: 1941).



Erdman: refrigerated. They were just being sold in the ordinary store without refrigeration. It took a long time for people to really get equipped at the home to keep them in the refrigerator; took a long time for the grocery stores to get this cooling equipment in which they're now kept.

Chall: Who was in trouble in the Los Angeles area? Were the farmers?

Erdman: Well, it was the farmers who were making the complaint all of the time. They were having difficulty with the cooperative which handled about a third, I guess, of the business there. It was a fairly sizable operation: handling the poultrymen's eggs and putting them in cartons and selling them to the retail grocers. At one time the farmers tried direct delivery, but that immediately turned out to be too expensive and was given up. For a long time they brought the eggs in and stored the surplus of the summer's operations, then took them out of storage as soon as they could, say in August or thereabout, and put them into the market under separate brands to separate them from their best grades, so that the fresh eggs could always be sold as such. There was always a discount for the storage eggs. The farmers were arguing that the cooperatives weren't grading properly.

The problems that the producers claimed were problems were that many of the private handlers deliberately put one or two low grade storage eggs in with the fresh eggs. The consumers couldn't tell, all they knew was that some eggs would run flatter on the pan as an egg at that stage will. Now it isn't exactly true that that's the only reason they'll run over the pan. You might just jerk it too hard while you're opening it. But anyhow, it's a very flimsy skin that holds the yoke in form, and consumers don't realize how often that is the case. But if the eggs are in the older group, then that film becomes weakened and the egg yoke breaks easily.

Anyhow, the grading was always subject to criticism. The farmers always insisted that their grades, which were determined by someone who knew eggs and graded the eggs that these fellows were delivering, were all perfect. Then they said, "Look what we get, and what happens when the eggs go to the store." So that made quite a picture.



Chall: Was this different--in Los Angeles--from what might have been going on in Petaluma? Was the Petaluma area a major poultry and egg-producing area at the time?

Erdman: No, the same thing would be involved here. It would work out differently because, at that time in this area, fully fifty percent of the eggs were handled by the Poultry Producers of Central California. I had a feeling at the time that this group was probably more efficient than the southern group, but I didn't know. Los Angeles was distinctly an import market during much of that time, with the Producers Association handling only a relatively small part of the business, so it was difficult to make comparisons with the Bay Area.

Now, talking about approaches, in a more recent study researchers have used multiple correlation to try to ascertain what the relationships are between prices of different qualities. I had, in this study, used another approach. I had merely used the vertical bar arrangement, scattered over a year, for a number of grades to show--by means of different vertical bars, or by dotted or broken line--where the quotations ran, and how they went from low prices to high prices.

Chall: Were the people involved in this--the farmers, the handlers--were they able to comprehend what this kind of a chart meant?

Erdman: I don't know. I assume the farmers who were interested in it would. There were always accusations that the handlers would raise the price on Monday and maybe then bring the eggs in, so I wanted to see how they went day by day. This is a daily chart, you see here.

Chall: Did you learn something from this yourself?

Erdman: Sure. I certainly did. Then I made some direct comparisons and, in some other charts, compared the Bureau of Labor Statistics' figures with the published quotations for Los Angeles. And I made a whole series of charts, comparing the various markets: Los Angeles, San Francisco, Seattle, and Chicago, and New York. I wanted to see whether or not there was any evidence in those figures of manipulation in the sense that our people here could keep their price out of line with the rest of the market. I was interested to learn how closely the market was interrelated--I mean, how responsive to changes each of the markets was.



Ordman:

An instance that came to me one day when I was talking to the then manager of the egg department of the San Francisco group illustrates what I'm thinking of here. This particular time I was talking to Mr. Thompson [L.N.], who later became manager of the Poultry Producers of Central California. He answered the telephone while I was sitting in his office that afternoon, and as he hung up he said, "That was the manager of our branch down at Merced asking what he should do with the eggs they had accumulated. Should they ship them to Los Angeles, or ship them up here, or should they load a refrigerator car and ship them to New York?" He had explained to this man in Merced that he was just then waiting for a call from their Los Angeles representative to give him the report on that afternoon's trading on the Los Angeles exchange.

While I was there he then talked to the Los Angeles man, who told Thompson that, judging by what he knew about the Los Angeles market, he expected the market to go up a little bit in the new quotation. And sure enough, soon afterwards he called and told him what the price was, and Thompson called back the other man in Merced and told him what to do. I don't recall now which it was, but he explained to me then that differences of less than a cent a dozen would decide to which area he would ship the eggs. He had to figure on what the New York market was, what the Los Angeles and San Francisco markets were, and shortly decided, as I recall, to load that car and ship it East because they might get a quarter of a cent better--on the basis of their best guesses as to what prices would be by the time the car got to New York.

It was that kind of narrow decision each time. Here was a town [Merced] that happened, at that time, to be on a borderline--the cost to ship either way was almost the same, not enough difference to amount to much. Or they could ship East on a wider margin, but that was allowed for. But here it was just a small fractional part of a cent that would turn it one way or other. And this, as I learned later, was just typical.

I'm talking altogether too much about this one study, but I'm going to make another point about it. This is another case where the farmers didn't like our answer. That happens every now and then [laughter]. They didn't get the answer they wanted. They had been told over and over about the manipulation; how it lowered the price to producers. Our report didn't





Erdman: justify it. I think it was a short time after, or perhaps before this report came out, which was in November, 1941, that the Department of Justice accused the dealers of price manipulation. The farmers had been claiming that the price making process was crooked.

### Question of Conspiracy in Setting Prices

Chall: But your report didn't indicate it?

Erdman: I didn't get anything on this particular kind of thing. What they were being criticized for is conferring or talking about whether the price should go up or down. Now I knew that went on, but I didn't consider it a conspiracy. I ran across it repeatedly in this sense: I would go into the office of one of the operators and while I was sitting there, the telephone would ring and there'd be a little conversation; and of course I was all ears, as the boys say. Then the man would--knowing I had been listening--say, "Now this was an interesting situation. This was a small jobber who called. He has an accumulation of Peeweess that he can't sell at present quotation; the quotation is too high. So he wants the quotation lowered on Peeweess a little bit, so that he can sell those."

Well, somebody else had called and something else was wrong. There was a good deal of that calling back and forth because, you see, you have this price situation working itself out in a market of that sort by this bidding and counterbidding. If the quotation on one grade is a little too high, another grade a little too low, the exchange member can offer to sell at a lower figure. Unless you can change or lower your price a little bit and cut under the prevailing price, you'll lose the business with the retailer, let us say, if you're selling to the retail grocers.

There was enough inter-dealer trading going on, and also enough inter-dealer conferring among these fellows who sat around this card room of the exchange--which was just a social affair; little card tables around, and spittoons, and a cigar vendor in one corner--and they would sit around there before the meetings and maybe afterwards, and some would sit there after the business was done. In the evening I'd come in sometimes



Erdman: and find two or three of them playing cards there. And this was a delightful place at which to discuss the egg situation, and this kind of activity could then be interpreted as a conspiracy because these people were discussing prices.

Now, some of these people frankly admitted when asked, "Do you ever talk prices?" "Oh yes, well, we discuss things." Well, pretty soon you have them admitting that they had been discussing prices, and that is conspiracy. So they had signed these non-guilty pleas of nole contendere--I think that's what they signed. Well, anyhow, that ended this method of making quotations, so by the time this bulletin got out, it was obsolete. [Laughter]

I was glad I had a chance to make this egg study because I'd never understood as much about how it all worked. But it was not long after that that one of us was down in Los Angeles and asked the farm advisor if he'd had any reactions from farmers who'd read the bulletin, and he said, "No, not much, matter of fact, we haven't distributed very many of them." And we said, "Do you have some now?" He reached under his desk in an out-of-the-way place and said, "Yeah, there are some here." And he admitted then, they hadn't tried very hard to push them. It didn't give the right answer for the Farm Bureau.

Chall: But still they had the problem with the eggs. Even though the exchange wasn't satisfactory the farmers were still bringing to market the same number of eggs in the same way. Wouldn't they have to solve the marketing problem somehow?

Erdman: Well, unfortunately, there was another thing--if you can be humorous about a gruesome thing. One of the Farm Bureau men who had been most vociferous about needing an auction, had said, in my hearing, after a committee meeting, "If it's the last thing I do, I'm going to see that we get an auction started." So he and a small group did form an association and they tried, somehow or other, to get an auction under way; but whether they ever sold eggs at an auction or not, I don't know. The association did, however, open a small store which was designed to handle these eggs in a way they thought would be more appropriate. Well, the sad and tragic thing about it was that, not long after that, this man was killed when, in driving to the market that morning, he met a gravel truck head-on.



Erdman: It took a couple of hours to unscramble the cars; both men, as I remember, were dead. Then it turned out this fellow had two wives arguing over his estate. And the organization's books showed discrepancies.

Chall: I notice that Mr. Alcorn [George] and Mr. Mace [A.T.] worked with you on this study. What were their roles in this research?

Erdman: Well, Mr. Mace was a research assistant who had worked on the problem for a little while before I got into it. I had him tabulating some egg prices, trying to see what we could make out of some of the questions that were being raised. Then he and I went down together and interviewed quite a number of people in the egg trade. Then he had a wire from his family. I don't recall whether his father died suddenly or what, but he was called back and went to manage the home farm; so he quit abruptly right in the middle of the study. George Alcorn, then a graduate student here, took his place immediately, and so George and I finished the study.

#### USING THE RESULTS OF RESEARCH

Chall: Well, I think these are interesting sidelights. They make what would seem like a standard report come to life. Because they're not standard reports, are they? [Laughter] They each have a story behind them. It's an interesting point, though, what happens to a study, where a great deal of detailed and exhaustive work has been done, if the people for whom it is intended to be of help, perhaps, don't like its conclusions. Then, what becomes of it?

Erdman: Well. That is often the question. That has come up here repeatedly. Did I discuss last time here how we got into that apple study? I think I did, the Sebastopol apple study.

Chall: Yes.

Erdman: Well, that was another case of that sort. Here was a group that was insisting on getting data. They didn't know what they needed. Stokdyk, myself, and some others worked on it, went over the points at which we thought we might need, or be able to get, data that would help



Erdman: us tell them what they ought to do, or help them decide for themselves what they ought to do. Well, when it came down to taking advantage of this, the sorts of things we suggested were not to the liking of some of the people. For example, there are some producers in that area who wanted to get on the ball, as they put it, right at the start of the season. As soon as their apples were coloring a little, they wanted to get them moving. They wouldn't listen to any idea that we had of labelling these early sour apples as pie apples and reserving their brand of beautiful Gravenstein colored apples that look so good and taste so good once they're ripe. They weren't interested in that. So that went by the board.

Well, then there was the question of getting a clearinghouse so as to keep some from shipping too much at the peak of the season, and they had an awful time getting that one. They did finally operate that for a couple of seasons, but that had to be worked out in detail by committees of their own. We couldn't do that for them. We showed them charts of how the prices had moved and what happened if they all shipped at the same time. They could see that, and they got together finally and set up a clearinghouse, and got a man on the job; apparently it worked pretty well.

Then there was the case of Stokdyk's study of grapes. I think I mentioned the Tokay grape study that Stokdyk made in 1929. Anyhow, there again, you see, the Lodi people, right in the middle of Stokdyk's study, had decided they can't wait, they had to do something immediately. So Stokdyk took time off and helped them work out a plan, or worked with them at least, trying to set up a clearinghouse plan, which they operated actually for a few weeks. Then--I think I mentioned the other day--it turns out that the two shippers, who had been shipping about fifteen percent of the total supply, were found suddenly to be shipping over half of the allowable quota for the week. So that just stopped that prorated scheme. That's what led the legislature the next year to pass the Prorate Act. That looked like a simple way to take care of that kind of deal.

But again, there were lots of problems and they had to work them out themselves as they came up. They found, for example, that the men who tried to evaluate the quantity of a crop that was on an acre of grapes could come out with widely varying estimates. Some





Erdman: factors actually were not possible of ascertainment, because in the course of the ripening process, one field would mature faster than another, so that there would be more or fewer grapes than a skilled man would be able to judge in advance.

So you'd come to a case where a man had already used up his quota and still here were several acres of very good grapes, number one quality, that he could have shipped maybe; but he had already shipped quota, and the other fellow would then be shipping some poorer stuff. Well, that'll make for dissatisfaction. So there were just all sorts of little frictions that they'd have to work out, and we couldn't tell them. Stokdyk maybe would see them quicker than some of the men who hadn't any experience with this and other plans, but nevertheless, it's the fellows on the job that have to carry it out.

#### Individual vs. the Group

Chall: Well, I suppose they had to realize that, maybe, the answers they didn't like immediately might have been proper answers, and they had to come to the decision themselves and work it out.

Erdman: The trouble is though, usually, the people who were wanting the answer have moved on. They're no longer interested by that time; they're out of the picture and a new crowd is in. You start with a new bunch of problems, new to the new members. It should be obvious that they are going to be involved in a contest between the advantage to the individual compared with what is expected to be the advantage of the whole group of producers, whether it be apples, or grapes, or eggs.

As I noted a little earlier, if you can get the whole group to curtail shipments, then it pays the individual to ship more than he would otherwise ship. And the better a job you do of curtailing shipments, the more pressure there is on some individuals to ship more, surreptitiously or otherwise.



## The Tariff

Chall: But of course there is always that pressure, naturally, to get ahead of the group. Well, that's what we're still battling, I guess, in the whole farm policy.

Erdman: It is, in any policy. Take such a thing as the effect of the tariff. There was a lot of agitation at one time in our Western Farm Economics Association here about what the Experiment Station here should do in connection with information about the tariff. Some of us argued that that is a legitimate subject of study--that the farmers needed more information on that.\* Well, then, one of the economics professors, John Condliff, made the point in some article that the agitation for a tariff on wool came largely from the men who owned big flocks; they were the ones who could go to the expense of appearing before committees, pointing out how it paid to have a tariff, how effective the tariff was, how badly they needed the tariff. Now a great many, he pointed out, of the small farmers accepted that, and would say, "Sure, a tariff is a good thing, put a high tariff on it."

But, he noted, that what nobody saw as part of the picture was the fact that in order to get a tariff and keep a tariff high on wool, you have to have a tariff policy backed by a lot of people, and that would mean you'd have trade tariffs on farm machinery and everything like that. To the big rancher, now, it wouldn't matter whether there was a tariff on some of these other things--he wasn't using much machinery. His income all came from wool; he had a million sheep or a thousand sheep. But to the man with ten sheep--and there were a lot of them--it was a disadvantage; yet they'd all vote the way the big fellow said, without seeing that there was a difference.

That kind of reasoning goes through a lot of these things. It's very very difficult to figure out just who gets the benefit of any of these changes, whether it's the result of increased efficiency or reorganization of the business. Take, for example, what

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\*See Chapter 8, pp. 204-208 for more detailed discussion on tariffs.



- Erdman: happened in the poultry producers. Now a relatively small number of producers are supplying all the eggs we need, and the little fellow with four or five thousand hens, even if he's doing the work himself, can't make a living. He makes a better living if he goes out and gets a job.
- Chall: It takes a while before this is recognized.
- Erdman: Well, it isn't recognized. The people who were interested have moved on, and the rest don't care now.

#### OUTLOOK STUDIES

- Erdman: I had wanted to talk about the early works on commodities when, Shear and I, and in those days Weeks got to working on the situations in various crops and considering the possibility of maybe doing some outlook work.

Weeks had done some work on clingstone peaches in connection with a land utilization or land settlement project on which he had been working. And this recalls another point I think I made in an earlier tape, talking about the fact that I was in Washington in 1921 and '22, where I had become greatly impressed with the development of the outlook work. When I arrived in California I very soon sensed the possibility of such an approach in California, with its wide array of crops.

During the first year, until about April, 1923, when I had learned that Dr. Mead was taking leave, I had no occasion to pay any attention to administrative matters. I knew about the research and teaching of Dr. Mead and his assistant David Weeks only through frequent conferences and from conversations with the Durham land settlement manager, George Kreutzer. I had visited that Delhi colony several times and learned of some of the problems from Walter Packard, then manager of it.

- Chall: Was this a special kind of farm experiment?
- Erdman: No, these two were land settlements that had been established as a part of Dr. Mead's program of helping men own farms. It was distinct from and opposed to the policy of land settlement which had been followed



Erdman: by private operators who would buy a big tract and then advertise for settlers, usually attracting people who didn't know about farming under irrigation conditions. They would come and buy a tract which didn't have the ditches; they didn't know how to get the water to the land and didn't have the money to do it.

Dr. Mead was working on the problem of trying to set up a system under which the state could do this preliminary study of the whole situation, of buying the land, of dividing it up, and even getting the buildings on it in many cases. Durham and Delhi were the two projects which will loom large in the discussion of that period.

In the meantime, a welter of suggestions came to me about the need for research in marketing, especially as it related to cooperative marketing. As I recall the circumstances now, it was V.C. Bryant, then secretary of the California Farm Bureau Federation, who made a sufficiently urgent appeal to me, in the early part of 1923, to undertake a study of the marketing of sweet potatoes in the Modesto general area. I worked enough on it to get an idea that there were a lot of problems there but didn't see it as important--or, relatively as important--nor as clear-cut a case of need for research as many others, so I didn't follow it very long or far.

It was at about that time that I decided that we needed a lot more general statistics and set out, as I've told you, to build up a library of current and back supplies of market news reports of all sorts, published elsewhere. And I had gotten Shear interested in following up, trying to ascertain what kinds of series of statistics we had available that might be useful in indicating what the outlook was, and maybe even doing some price forecasting on individual specialty commodities.

Then in early 1923 my research time turned to a survey of cooperative marketing with two graduate students to do some systematic field work, Harry Wellman, one, and Carl Scholl, another, the latter on a cooperative arrangement with the U.S. Department of Agriculture. And then Shear and I had continued on the idea of a study of price trends and price analysis and so on.





Chall: Are these in specialized crops?

Erdman: Yes. It was sometime in May, 1925, as I recall from some memos I've run across, that Shear, Wellman, and Dave Weeks were all concerned with the possibilities of collaboration with the crop estimating service at Sacramento on getting data. They had wanted more or less the same data, in a sense. They wanted, in the first place, long term trends of prices and production for general use in sizing up situations. Weeks wanted to know about the future of peach production in connection with particular land utilization areas in which farmers were interested. And Wellman, from his point of view, wanting a body of material in much more detail, in connection with a study of the pooling of fresh fruit returns by cooperatives.

Chall: Now what did they get from Sacramento? Was Sacramento compiling statistics at that time?

Erdman: Well, the Bureau of Crop Estimates of the U.S. Department of Agriculture had a cooperative arrangement with a state department in each state. In California this crop estimating service was in charge of E.E. Kaufman, who was our point of contact. He was very cooperative.

Then I was away during the summer of 1925. When I got back from that summer trip I found correspondence on my desk from the dean indicating, that in my absence, a committee from the Farm Bureau and the Agricultural Legislative Committee had called on Dean Merrill asking him to provide additional information on the outlook for various crops. They had made the request a few days earlier of secretary Jardine [USDA] who had visited California. They had asked Jardine to help them get more information on the outlook for California special crops. He had said, "Go to your College of Agriculture." And so there they were. Well, the dean told them, according to this letter he wrote me, that we were already at work on this, that we had already engaged two additional men--Voorhies, who was returning from Denmark, and Emil Rauchenstein, who was to start work July 1, both of whom I discussed earlier.

The dean scheduled a meeting with these people in Berkeley to be held shortly after my return. At that meeting Professor Crocheron announced that Wellman, who had just been employed by the Extension Service, would devote his entire time to this project they seemed to



- Erdman: feel so urgent. I think perhaps their interest had been aroused partly by some work that Professor Crocheron had inaugurated--having a series of charts prepared for annual session with farm advisors in January 1925. These showed the price movements for farm products and the movements of what they called the purchasing power curve, which allowed for the amount of inflation which had taken place during the war period. There was a lot of interest in those, and we in Rural Institutions had done a lot of work getting some of those charts together, and had made copies for some of the farm advisors, as I remember it.
- Chall: What was a purchasing power curve? Did this have to do with the purchasing power of the farmer?
- Erdman: Well, yes. What was being done--and it still is being done--was adjust given price series over the period into a series which represents the amount that commodity will buy at different periods. That is, convert it to a constant dollar by making it a percentage of a base period.
- Chall: Was this a forerunner of the parity concept?
- Erdman: Yes.
- Chall: I didn't realize you were working on it here at all or that Crocheron was.
- Erdman: Well, Crocheron had become interested in that approach and we had. As I said, we'd already been working on the idea. Well, anyhow, Professor Crocheron then suggested--I think it was at that first meeting or at a shortly later one--that Wellman devote his entire time to this and that we start with the most important crops. And since peaches were the important one, I think it was decided, probably at that meeting, that Wellman go ahead on peaches. I don't recall for sure which ones the other men went to work on immediately.
- Chall: Were the research and reports the responsibility of the Extension Division, the Experiment Station, or your department?
- Erdman: Well, they turned out to be both. There was a little correspondence with the Experiment Station office about the first study by Wellman--whether that



Erdman: should be considered research since it was done by the Extension Division. Those by Wellman were put out as "Circulars, Series on Crops and Prices." Wellman got out one report by April, 1926, on peaches, and another one on lettuce by November, 1926. And the dean and the Experiment Station office were puzzled as to what to do about that. I had argued that this was research. We got into more or less of a hassle, I guess you'd call it, because this division--by that time Agricultural Economics--weren't as program-minded as the Extension Service, which was right up against the Farm Bureau people all the time, wanting this information even the day before you asked for it. And I, at least, was busy most of the time with administration and teaching. All of us were inclined to be perfectionists--but what the times called for was to publish what are the main facts.

Chall: You were the head of the division, weren't you?

Erdman: Yes. And occasionally getting out on other jobs. I undertook to prepare one of these studies, that on walnuts, but the research assistant I had was a graduate student, busy on his work, and we didn't make as fast progress as we should have. The result was that two years later there was pressure for additional appropriations. Crocheron made his characteristic, direct appeal to the Farm Bureau. He suggested a \$40,000 increase to do more of these studies, and they did get, I think it was, \$20,000 additional. When I suggested the fund should be in our department, the dean hesitated for a few weeks, then wrote me that he had decided to put it into the Extension because it was important that this be gotten out in a hurry. I think our group here had too much the research point of view of wanting to make sure that everything was right, and unwilling to accommodate the hurry up call.

Chall: I see. Of what quality do you think these studies were, then?

Erdman: Oh they were very good. Wellman was a skillful man and his assistant there was very well qualified and I'm sure they did a good job. The essential difference was that they proceeded right to a goal on a program. I don't know that they ever had a specific time schedule, but came very close to it, I expect, with Crocheron's pressure and his administrative drive. Anybody who worked for him knew just what to do.



Erdman: Anyhow we got to work on these studies for the next few years. I'll give you a copy of the list if you want to get it.

Chall: Could I take it and xerox it?

Erdman: Sure. Anyhow, this whole program was under way. The idea I had to begin with was a good idea, but I wasn't in a position to push it hard enough, and it was the same kind of situation we had right along. For example, I went to individual members of the Agricultural Legislative Committee, on one occasion, to try to get them to recommend some additional money for us. One came to me afterwards and admitted that he had not been able to get anywhere with it with the committee (the Agricultural Legislative Committee). Most committee members represented specific commodity groups--e.g. walnut growers--these "just had to have" some additional work on the coddling moth, I think it was. Another group needed another study on some disease affecting citrus. And at Mountain View (at a sub-experiment station) the representative of the Farmers Union voiced the need for more men to handle local problems, which in my estimation was simply a plan to provide a local man for them who would give the service other counties got from farm advisors. The Farmers Union had been fighting its rival, the Farm Bureau in that area, but the Extension Service required establishment of a county Farm Bureau before a farm advisor would be placed there.

Both the Farmers Union and the Grange had been opposed to the Farm Bureau because the Farm Bureau was now becoming a rival organization. As early as 1917, a letter from a representative of a state Grange, I think it was, called attention to the different ways in which the California farmers' organizations were being developed--that the Farm Bureau movement is not getting support of the grangers because members of the Grange feel that the agricultural department of the University is promoting the Farm Bureaus in practically all of the agricultural counties.\* Which was true.

It was being promoted because the Extension Division's farm advisor needed to have some kind of

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\*Seen in some Archives material recently. H.E.





Wellman	Barbed ✓	Oct 1 Apr 1928
"	Letting ✓	Oct Nov 1928
Forries	Barbed	Bul 43 " "
Ranchman	Cattle ✓	" 419 Feb 1928
Wellman	Letting ✓	" 423 May 1928
Shear & Gould	Grapes	" 429 June 1928
Shannon Wellman	Letting	" 432 July 1928
Wicks - West	Ag. & Irrigation	" 435 " "
Forries	Dairy Indus	" 437 Oct "
Wellman - Brown	Beard ✓	" 440 Dec "
Ranchman	Apples ✓	" 445 " "
"	Waterworks ✓	" 449 Mar 1928
Shear	Beard	" 452 Apr 1928
Wellman - Brown	Almonds ✓	" 453 May 1928
Ranchman	Grapes ✓	" 457 June 1928
Wellman	Letting ✓	" 459 July 1928
Forries	Beard ✓	" 460 Oct "
Forries - Kaufman	Beef Cattle	" 461 Nov "
Shear	Beef Supply ✓	" 462 Dec "
Wellman - Brown	Grape fruit ✓	" 463 " "
Fluker - Wilcox	Enterprise Effort	Est. 24 Jan 1929
Wellman - Brown	Beard	Bul 457
Wellman - Brown	Beard	485 1930



Erdman: organization in the county through which he could quickly call committee meetings to consider, let us say, some spray program, or whatever it might be, in a given locality. And in the meantime then...once you get a county organization, this looks dangerous to established organizations, because it can very quickly grow into something bigger. This turned out to be the case, because by--I think it was 1919 or '20--in practically all over the country, in one fell swoon, state organizations were formed and then a national federation of Farm Bureaus. Of course, Grange and Farmers Union officials resented this.

Chall: Who were the members of the Agricultural Legislative Committee with whom you had the most contact? You mentioned a few minutes ago going to them individually for funds, hoping...

Erdman: Oh, I didn't do much going to them individually. I knew most of them, meeting them informally at different times, and maybe some of them would drop in and talk to me about the programs. Or I'd meet them at gatherings. I knew very well quite a number of them who were managers or presidents of various farmers organizations.

Alex Johnson was active for quite a while as secretary of the Farm Bureau and I knew A.C. Hardison very well, who was president of the Farm Bureau when I came to California, and who was important in southern California agriculture, and McFadden [Arthur J.] of the walnut growers, Thorpe [C.] of the California Walnut Growers Association, and Teague [C.C.] of the Walnut and California Fruit Growers Exchange, and Mr. Nagel [Jack] and Mr. Brennan [J.J.] of the California Fruit Exchange, deciduous organization, and R.V. Garrod, from Saratoga, who was active in the Farmers Union.

Chall: These men were mostly representatives of either the Farm Bureau or the major farmers cooperative marketing organizations?

Erdman: The Legislative Committee, as such, was made up of the representatives of the various cooperative organizations, not necessarily fruit alone. But in addition, then, partly by courtesy I suppose, since they were not commodity organizations, there were included representatives of the Farm Bureau, of the Grange, and of the Farmers Union. So they met with



Erdman: and usually participated as voting members, I presume, of the Legislative Committee.

Chall: And was their main function to try to get money from the legislature to help the College of Agriculture?

Erdman: No, I wouldn't say that was the main function. Their main function was lobbying. The Committee acted through an executive secretary. What they've done more than anything else is to watch legislation at the legislative level, and used their influence maybe, after studying a given piece of legislation and going to their local legislative representative with their point of view.

### Evaluating the Studies

Chall: How effective do you think the commodity studies were? This was a very serious time in agriculture here and everywhere else.

Erdman: Well this is a question... That was coming up right from the start. Frank Swett, for example, who was in this organization as an active member, was manager of the California Pear Growers Association, and he told me on numerous occasions what the reaction of the farmers was to his presentation to them of information about the excessive plantings of pears. And this preceded these bulletins, as a matter of fact. Swett told, for example, of asking one of his associates to sit back in the meeting when he presented this stuff and listen to what the farmers were saying. I think he mentioned that in his oral history.\* These farmers were saying, so his associate reported, "That man Swett has a lot of pears; he just doesn't want any competition. He's making a lot of money on them, has an extra ranch out here; he's selling nursery stock from that and he doesn't want competition. So it's all right for him to talk that way." And so on.

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\*Frank T. Swett, California Agricultural Cooperatives.



## FARM MANAGEMENT STUDIES: BUDGET APPROACH

Erdman: To get back to whether these were effective. After a number of these early ones had gotten out, farmers began to come back with the comment, "Well, all these are pessimistic; what are we to plant? What do we do?" And it was at that stage that I began to go off on another tangent and suggested to Dean Merrill that what we ought to do is to provide some additional money for farm management studies. I suggested that instead of the kind of studies we had been doing that were aimed at determining the cost of a unit of a product, that these studies should be of a different type, which were commonly, at that time, spoken of as a budget approach. That is, instead of trying to ascertain the cost of producing wool, let us say, when the sheep that produces it also produces mutton, or lamb--instead of allocating it that way--you just see how it works out with various commodities.

I had struggled with this problem way back in Ohio days in some way. Then, when I was in Washington, I worked with John Black on a number of occasions [1921-22]. He had been in the bureau at the time I was there, doing some work with Henry Taylor, the new chief of the bureau, on reorganization of the work there. In one of these talks, I told you before, Black commented on one of the problems that had come up in-- I think it was Illinois or Indiana--when the college had advised farmers to cut out the oat crop because it was always produced at a cost quite a bit over the price. His comment was that maybe we should ask, what can we afford to allocate to the oat crop to make it pay as well as the clover, which follows, and the corn, which follows, and so forth.\* Anyhow, cost data would not give you the answer you wanted; it would not tell them whether or not they should include oats in the cropping system.

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\*Black was thinking of the practice of charging the same hourly rate against each crop or product, with no reference to the urgency at the time. See his detailed article published in "Economics For Agriculture," pp. 48 +. He was commenting (1922) on H.C.T. "Objectives in Agriculture Cost Accounting." H.E.





Chall: The farmer may not have known himself why he planted oats until the year in which he took it out of production.

Erdman: No, he wouldn't. But you know, I've been interested in ruminating about this. Years ago, this rumination took place: In the summer I was home during the summer vacation, before my graduation, I was contemplating going back to the farm. And while riding on the corn cultivator from one end of the farm to the other, from morning to night, or on the gang plow, I would be ruminating about what I would do if, as, and when, I got through college and had a chance to come back and rent this farm of dad's. That was the customary way of handling the boys then: The farmer would move to town and rent the farm to a son or son-in-law. And then of course ultimately they would inherit it.

So I ran alternatives through my mind: Suppose I rented one part that dad had talked about, equipped with a set of buildings suitable for a young man who wanted to start. Or, suppose he decided that my brothers wanted to go off to get educations somewhere, and father moved to town and I took on the whole thing--what would I do? This was before I had any courses on farm management. I can remember now, because I was just going to enter the next year as a junior in college. I had done a little reading on crop rotation.

So I went at it from the point of view of how much help would I have to hire if I were running this whole place; and what would it cost me; and how would I use the labor most effectively? I had an idea at the time that either I wanted a dairy, which would be more labor consuming, or I wanted a grain and livestock farm. Grain and livestock to me, then, meant heavy emphasis on corn and maybe corn silage, which we weren't producing, and maybe getting into a new cropping system. That meant we had to get started with some of this new alfalfa they were talking about that was able to withstand our rigorous climate.

When I considered rotations, I tried to approach, in my thinking, how big a batch of cattle and hogs I would need to use up the crop, because it paid better, ordinarily, to feed that stuff than to haul it twelve miles to the railway station, to ship and sell at the going market price. Now that was the budget approach I, as an untrained farm boy was using; and all I had



Erdman: studied, up to that time, was the importance of getting good seed, of getting good quality animals, and how to feed them, and shelter them, and so on. I didn't think of unit costs, but of the net proceeds from the cluster of enterprises.

Chall: Do you think most farmers considered all this?

Erdman: Well, I don't know. I've often thought of my dad. I've thought of my dad's approach, which was somewhat the same way. He'd talk about maybe having more hogs. He said the hogs were the mortgage lifters. He would look over these hogs to see if there were six that were ready to market (six being a wagon load). And then if he thought they were and the price seemed right at the time--he would judge that mostly from reading quotations in the Sioux City Tribune, the leading newspaper. Then, if he thought somehow or other, figuring with his stubby lead pencil or just in his head that the price was right, he'd get me alerted that he'd need to get the loading chute ready, and we'd separate out some hogs and have everything ready. The alarm would go off before daylight next morning so we would get them loaded and into town before the sun got too hot for these fat hogs. It'd be pretty hard on them to be crowded in a wagon.

Anyhow, here was an approach which was changed when people began talking about farmers needing information on the cost of producing, as in the case of the Illinois farmer and the oat crop.

Chall: Producing each special product, was that the concern? How much it would cost to produce each one?

Erdman: Yes.



### Conflicts Hinder Studies\*

Chall: Now, do you think that this was colored by the fact that California was a specialty crop state?

Erdman: No, not at all. The Office of Farm Management had been established quite a bit earlier in Washington and it had done a lot of work on the development of the cost approach, as had many of the colleges. I ran across an item here just yesterday, and I have mislaid it now--as I do most of these little items like this. In this one our Professor Adams [R.L.], and apparently a Farm Bureau man who took part in the same program, explained what they considered to be the principal advantage of having cost of production data: On the one hand, to let the farmer know what it cost him so as to help him decide whether he could afford to raise the crop or not; and on the other hand, to show consumers that the farmers weren't making as much profit as they appeared to be, judging by the prices consumers were being charged.

I wasn't working in that field so I would appear to be opposing the people who were the extension group here, and Professor Adams. Well, at the time I was thinking about this budget approach, there were a number of studies going on in the bureau in Washington, or at least guided by them, where Tolley, Ezekial, and Tapp were working on the possibility of elaborating this budget approach to farm management. I had, in my growing collection, numerous bulletins on farm organization in central Kansas, North Carolina, and Minnesota, dating from 1923 to 1926.\*\* As a matter of

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\*See also Chapter 4.

\*\*G.A. Pond & J.W. Tapp, "A Study of Farm Organization in Southwestern Minnesota," Minnesota Agricultural Experiment Station Bulletin 205 (St. Paul, 1923).

W.E. Grimes, et al., "A Study of Farm Organization in Central Kansas," USDA Department Bulletin 1296 (Washington, 1925).

G.W. Forster, et al., "Profitable Farm Organization for the Coastal Plain of North Carolina," Research Bulletin 1 (Raleigh, North Carolina State College, 1926).



Erdman: fact, Jesse Tapp, who was later to be out here in the Bank of America, and whom I tried to entice out here in an earlier day, as a young man wrote the Minnesota study.

These men were all rather mathematical in their approach to these statistical problems and had begun using an approach which, much later, was talked about as agricultural programming. Thus the budget approach avoided the allocation of the costs to specific products. Instead, it studied the way the product fitted into the labor utilization of the farm and what it contributed to the returns of the farm operation under various enterprise combinations.

Chall: Were you able to get this department to move into the budget approach and away from the cost studies?

Erdman: Well, no...not immediately. There was an attempt when I had talked to Dean Merrill about it as a way of answering the criticisms that were coming about our outlook studies. When Professor Adams came back from a sabbatical early in 1927, the dean sent him to me to talk over an approach that I had been discussing. Adams listened but I don't think he knew just what I was talking about. At any rate, it didn't appeal to him.

About this time, perhaps early 1928, someone proposed a study of this sort in the Modesto area where farmers were having problems with prices of crops and with competitive situations between alfalfa and some of the fruits, let us say, and with soil problems that were emerging. It was suggested by someone that that area would be a good area in which to try the budget approach.

Well, by that time we had some additional money. I don't recall how that was arranged. When the project was laid out I had been appointed chairman of the committee that the director of the Experiment Station ordinarily appointed for each project, supposedly to advise the researcher, though it didn't always work out that way: You'd be appointed, and you'd have a meeting at the start and talk over the project, and on the committee would be representatives of some of the crop divisions and so forth, and someone else from your own division. In this case, I was the one who was supposedly in charge of this committee.





- Erdman: When Professor Adams turned in the first draft of that report, Tolley was already on the job as acting director of the foundation. Since this was in the field of farm management, his special field, I laid the report on his desk and said, "This is your baby now." He read it carefully and made a lot of comments on it, suggesting some significant changes, which would turn it over to the budget approach rather than a cost approach, which Adams had used. Adams brought the manuscript back and threw it on my desk, saying, "This is your baby. You're chairman of this committee, not Tolley."
- Chall: Well, I can see there were difficulties.
- Erdman: I was interfering with what he considered his autonomous section.
- Chall: And his autonomous section at that time was farm management.
- Erdman: Farm management, yeah. I was interested in a farm management approach that was directed toward problems of readjustment. When you say that it's bad marketing that makes for low prices, you may be completely off base, because, as a matter of fact, what ought to be done may be to readjust production. If there's too much being produced, you can't get anywhere by just demanding higher prices. The surest way of getting it is to reorganize production.

That seems to be the hardest thing to get over and even in very recent times, the farmers' pressure on congressmen and congressional slowness to react to realities led them as late as the 1940s to appropriate a lot of money for additional marketing studies. They kept insisting that there must be something wrong with the marketing system if prices continued low, without being willing to accept the fact that maybe the farm economy was not efficiently adjusting to new conditions.

It is often assumed that very wide margins are evidence of crookedness. Well, maybe they are and maybe they aren't. But if you try to define what is a perfect marketing system, you would have a system in which each of the steps is done more efficiently, and any step eliminated if it can be bypassed advantageously.



Chall: But there was this conflict at the time, between farm management and the approach of the agricultural economist as represented, at least, by you and Tolley.

Erdman: That was really a much broader and more far-reaching conflict. There had been organized, as early as 1910, a Farm Management Association. It wasn't until 1919, that the merger took place between it and a little group that had formed the Association of Agricultural Economics in 1916. At that time [1919] the name was changed to American Farm Economic Association. Taylor's history of agricultural economics has quite a discussion of that period. That was the period following the resignation of Spillman as head of the Farm Management Division, largely over the use of cost data that he was urging as the basis for price fixing.\*

Chall: So almost ten years later, this kind of conflict was evident in this department.

Erdman: Well, you don't get minds to meet very quickly, on some of these intangibles especially. And this isn't to say that cost of production data are useless; but I think I mentioned earlier the first instance in which it really struck me forcibly, way back in my Ohio days, in relation to production of milk "at a loss," some time in 1918.\*\*

#### EFFECTS OF PURNELL ACT

Erdman: You asked the other day about the Purnell Act.

Chall: Yes. I wanted to know its effect on research in the field of agricultural economics.

Erdman: It was passed early in 1925, and was signed February 24. Now the directors of the Experiment Stations had been expecting it to pass. It had been introduced as

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\*August 31, 1918. See Taylor & Taylor, Story of Agricultural Economics, p. 422. H.E.

\*\*See Chapter 2, pp. 47-48.



Erdman: early as 1921.\* And these people (the Land Grant College group) had been persistent in wanting some additional appropriations that were not virtually mortgaged to the science people, the plant group, or the animal groups, that wanted it for their particular lines of research, already established. The Experiment Station directors wanted work in agricultural economics, in rural sociology and in home economics.

These Experiment Station directors had an organization of their own, which met annually and published papers by its members--"Proceedings of the Association of Land Grant Colleges."\*\* Some very interesting discussions took place at those meetings on the nature of research in agricultural economics and ways of improving it.

In the fall of 1925, one of the most interesting papers in the whole session was by my old friend, the late John Black, then head of the work in agricultural economics at the University of Minnesota, who read a paper on "The Principles Which Should Characterize Sound Investigation in the Field of Agricultural Economics and Rural Sociology." That's starting on page 157 of this report.\*\*\* It was one of the most perceptive papers presented in connection with the whole discussion. Inviting Black to discuss this topic at that time suggests that the directors were concerned with the nature of the research to be undertaken with the new funds.

Chall: He became not too long afterwards and for many years afterwards I guess the dean of agricultural economists in the nation.

Erdman: Well, he went to Minnesota right after finishing his graduate work at Wisconsin (1918), then in 1927, went to Harvard. He continued for a long time then to do

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\*Proceedings, Association of Land Grant Colleges, Nov. 1925, p. 66. H.E.

\*\*They may merely have acted as a committee of the Land Grant Association. H.E.

\*\*\*S.B. Haskell, editor, "Proceedings of the Association of Land Grant Colleges," held at Chicago, Illinois, November 17, 1925, pp. 157-169.



Erdman: some outstanding work.\*

That the problem continued to concern the directors is indicated by the fact that at the 1927 sessions Dr. Eric Englund, representing the U.S. Office of Experiment Stations, presented a paper on the nature and purpose of such research. He said, "It is fair to assume that its ultimate purpose [that is, research in agricultural economics] is to provide helpful guidance for economic activity. This does not exclude purposeful fact-finding from the category of research, but it does imply that aimless compilation of data is not to be designated as research. The facts are the raw material, systematic analysis is the tool, but the search for relationships is the heart of economic investigation."\*\* Which is essentially what Black was recommending.

#### Social Science Research Council

Chall: The passage of the Furnell Act provided more money to colleges of agriculture and Experiment Stations for work in the fields of agricultural economics than they had before, so there would be a need for more personnel, more researchers...

Erdman: That's right.

Chall: ...trained properly. And this must have been a concern. It was of Black's, it would have been of yours, I suppose, in hiring people. How were they coming out of the colleges at that time?

Erdman: Well, I was going to suggest that I discuss first a little work in which I became involved, about 1925, with the Social Science Research Council, which led ultimately to the studies that you were looking at the

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\*Economics for Agriculture (Cambridge: Harvard University Press, 1959). A series of his papers assembled and discussed by former students. H.E.

\*\*Proceedings, Forty-First Annual Meeting, Association of Land Colleges and Universities, November 15, 1927.





Erdman: other day, a couple of them lying here.\* The Social Science Research Council had made funds available for an extensive study of current research in agricultural economics. [See an item in the Journal of Farm Economics, January 1927, pages 111-129.]

There were two problems primarily which concerned Taylor and some others: One was, what were the Experiment Station directors to do with this new money which would come to them irrespective of whether they were in a position to make good use of it. Now it was possible for the Experiment Station directors to utilize it in the old line basic sciences--nutrition, genetics, etc., but the pressure was to get these new lines--farm economics, whether you call it farm management, or land economics, or home economics, or rural sociology.

Chall: What was the second concern of the Social Science Research Council?

Erdman: The second concern was the shortage of trained men which later received more attention along the lines of providing fellowships, assistant-ship, etc.

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\*Refer to page 5 of list of H.E. Erdman's publications in Appendix.



While editing his transcript, Professor Erdman felt that his discussion of the Council and his part in the preparation of the reports were not clear. He wrote, "The activities of these years were so interrelated that it took me a long time to work out all the sequences. It seems to me my memory of the period has left this part awkwardly worded as it stands... so I scoured available records for verification. This chronology is the result."

A Chronology of Outside Activities of H. E.  
Erdman During 1925 to 1927 So Far As  
Recollections and Available Records Now  
Afford (10/3/70)

The Purnell Act had become law in February, 1925. About mid-May the Executive Committee of the Land Grant College Association had met in St. Louis to consider Purnell Act problems. It listed six subjects for study under the general direction of its Committee on Projects and Correlation and appointed "special" committees to consider them (see letter of R. A. Pearson, Chairman of the Executive Committee, dated May 27, 1925, to which is attached a list of Committee members).

My name was on the Committee on Distribution and Marketing of Farm Products which was to meet in Washington on June 2-4, 1925. I went directly to Washington from Berkeley for the conference. Mrs. Erdman and small daughter had left a few weeks earlier for her home in Madison, Wisconsin.

After the Washington conference, I returned to Chicago, stopping enroute at Columbus, Ohio, June 5 and 6, to study produce markets there. At Chicago I spent six days visiting points of interest in produce markets in connection with my manuscript for American Produce Markets.

While visiting Mrs. Erdman's family in Madison, Mrs. Erdman and I borrowed her mother's car for a trip to Plymouth where I studied the operations of cheese boards.

From Madison, I went to St. Paul where I visited Twin City markets, consulted with John D. Black re graduate students looking for jobs, and tentatively hired Emil Rauchenstein on Black's recommendation and my own evaluation.

From St. Paul I headed for Omaha, stopping off at Sioux Falls for a side trip to my old home at Mitchell,



South Dakota. In Mitchell, I visited some wholesale dealers (see my Philadelphia notebook). Then from Omaha to Chicago, thence either directly to New York or via Philadelphia. In New York I met Ed Voorhies as he returned from a year's leave in Denmark. There Voorhies and I visited my friends Walter Hedden at the Port Authority and Earl Benjamin, manager of Pacific Egg Producers. I wanted Voorhies to meet these men because I planned to have him work on egg marketing when he joined our staff in Rural Institutions upon his return to Berkeley.

Voorhies returned with me to Philadelphia where he spent several days at the American Institute of Cooperation which opened July 20. Then he returned to Berkeley while I remained to teach a course on cooperation at the Institute session which ended August 15. From there I went directly to Berkeley.

At Berkeley I found that a conference had been called for September 10 in Sacramento by Earl Haughton of the Agriculture Legislative Committee to consider the statistical studies on which Shear and I had been working and which I had planned to assign Voorhies and Rauchenstein. It seems the group had "cornered" the U.S. Secretary of Agriculture in June while he was visiting California. When they asked him for research on the outlook for various California crops, he referred them to Dean Merrill whom they shortly visited. Merrill told them we were already working on the matter, were putting more help on it, and suggested a conference upon my return from the East.

I do not recall much of 1926 except that we were at work on the statistical studies and that during the summer I was drawn into the then current disruption in the Sebastopol Apple Growers Union.

During 1926, it was largely as a result of H. C. Taylor's urging that the Social Science Research Council appointed an Advisory Committee on Social and Economic Research in Agriculture and appropriated \$12,500 to cover certain of its expenses.

On May 2-4, 1927, I took part in a meeting of this Committee at Northwestern University's Chicago branch. I was there as a member of the above-mentioned Committee on Marketing and Distribution of Farm Products. I returned to Berkeley at once after the



early May meeting of the Committee and proceeded with my part of the National Survey of Research in Agricultural Economics which the Advisory Committee had planned. I was asked to report on Idaho, Utah, Nevada, Washington, Oregon, California, Arizona, and New Mexico. I visited the first five and Stanford Food Research Institute and reported results to H. C. Taylor who consolidated them with his report on the national situation which he presented at the Council's annual session in Hanover, New Hampshire, in August.

I returned to Chicago in time for the third session of the American Institute for Cooperation where I taught a course on cooperation from June 20 to July 16. Soon after the close of the Institute session, I went to the Hanover conference and then returned to Berkeley directly.

Out of the work of the group grew a series of reports on Scope and Method of Research under the editorship of J. D. Black; see, particularly, its Bulletin No. 7, "Research in Marketing Farm Products" (New York: Social Science Research Council, December, 1932, 221p.).

- Chall: This was a very detailed analysis of the programs and people involved?\*
- Erdman: At each of these places, we got a list of economic and social projects under way, the objectives of each, and the names, backgrounds, training, and ages of the men working on each. One of the things that Taylor and Black and some of the other men in the group had in mind, was the hope that they might be able to get some money for graduate fellowships.
- Chall: For the people that were actually in the field already?
- Erdman: That's right. And also to make fellowships available in a broader way to meet the needs in these states.

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\*Taped discussion is resumed.





Chall: The whole effect would be to upgrade the staffs of the agricultural colleges, wouldn't it?

Erdman: Well, very definitely both the teaching and the research because most of these people were engaged in both. But our work was aimed at the research. Now here were these thousands of Purnell dollars that were to be poured into these states and even if they had wanted to hire additional research personnel, they were not available. I had become aware of the problem because of the difficulties we at Berkeley had of getting people. I tabulated our data on training of quite a long list of men. There were men with all sorts of university backgrounds, no one state predominating except that the University of Wisconsin and University of Minnesota stood out in connection with the Ph.D., of which there were only a relatively small number at the time. Master of Science, a very wide scatter. But hardly any of them had much training in economics. And that was what led to the setting up of a more elaborate committee to do the work on these research books. That's the background for these. You'll find the list of the members of the advisory committee on Social Economic Research in Agriculture on the inside cover page of the Research Method and Procedure in Agricultural Economics, volumes one and two.

Chall: You had an advisory committee made up of the important people working in the field to advise whom?

Erdman: The original notion, I guess, was that the committee was to be advisory to the deans of the colleges of agriculture. This had been set up and had been financed on the outside, because the deans of the colleges of agriculture, for the most part, were technically trained men--almost without exception, I would say--and didn't know what to do with economics. As I've been pointing out, they might know what to do with animal husbandry, or with agronomy, but when it came to economics they had no idea to where to take hold. And that's why somebody, I think it was probably the fine hand of Henry Taylor, and perhaps John Black, conceived this idea of advisory committees.

Chall: So you put out a series of bulletins which really taught how to go about research, in the sense this one did, Scope and Method.



Erdman: Well, what they wanted was to cover a wide range of things, and what they were driving at was the approach to data-gathering by a researcher, and particularly, the idea of thinking through the problem before you collected data. Qualitative analysis before you tried quantitative analysis.

I did a few of these project outlines but there were men in all sorts of groups, mostly men who were pretty well trained, like our man Stokdyk, and Jesness [Oscar B.], and Waite [Warren], one of Black's men in Minnesota, and George Peterson, who was one of Black's men we had with us here, and Holt [Budd A.], another one of Black's young men, and Paul Miller.

Anyhow, you see, what was done there was suggestive analyses and enough of them so as to have some in farm management, some in price analysis, some in farm finance, etc.

Chall: Could you see the effects of these bulletins?

Erdman: Oh, yes, I think so.

Chall: These were very carefully worked out. They could be used for teaching too, couldn't they?

Erdman: Well, these became very useful in the teaching of graduate students as time went on.

After some of these preliminary conferences I was talking about and before we got into the detailed work on these handbooks on research, this committee met with the Social Science Research Council at Hanover, New Hampshire, at Dartmouth. Anyhow, I was with that group that summer for a week or so. I didn't get around to see much of New Hampshire. But that was the background out of which these reports came. And these ran on for three or four years. There must be a list in the Giannini Library.



# VIII REFLECTIONS ON PANACEAS TO SOLVE AGRICULTURAL PROBLEMS

Chall: I wanted to discuss your attitude toward the various agricultural policies that you've been dealing with in one way and another in the last fifty years. I know that as an agricultural economist, and as a teacher, and because I've seen some of your writing-- you certainly had some opinions about these things.

## EARLY VOLUNTEER PLANS\*

Erdman: I see you have marked out here the outlook studies, which I think I've mentioned often enough already. The clearinghouse perhaps also, although that might need a few comments. It, in the main, grew out of realization, very early, that cooperation, as such, in the sense of cooperative marketing of fruits, let us say, could never attract enough people who would stay with the organization so that it could do what the organizers expected--namely, to become the dominant element in marketing, and so raise prices by what they assumed to be monopoly of operations. I think it was the protective union that was organized among the citrus people in southern California in 1885 that started out in that way, and then immediately there was a split when the private shippers, who had been included, withdrew. The promoters tried to get the whole group together.

The same sort of thing was happening in northern California when the deciduous group, I think in 1886,

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\*See Chapter 7 for more complete discussion.



Erdman: formed the California Fruit Union. They very quickly discovered that they couldn't get enough of the growers to join to exercise any particular influence, and so they combined with the private shippers. And again they couldn't get the desired control. Then they actually set up another organization under Colonel Weinstock, which operated for four or five years as a clearinghouse, as they called it, mainly in providing information on shipments, on the assumption that if the trade were adequately informed as to where shipments were showing up in too great a quantity, the shippers themselves would automatically adjust. But as always, it shows up that the individual, who thinks himself smart, will try to outsmart the rest of them by picking out the markets which are most promising at the moment; and first thing you know, they glut those, and that seems to disturb the rest.

Finally, repeated experiences of this sort led to the one that has been my favorite example, the experience in Lodi with Tokay grapes which led to prorationing. We've discussed this too.

#### UPGRADING, ADVERTISING, AND TECHNOLOGY

Chall: So the voluntary control plans were not too effective in those days.

Erdman: Well, growers always kept coming back to cooperative marketing, and then they kept coming back also to these various compulsory control devices. Although those have continued up to the present time, I haven't followed them very carefully just lately. Last time I had occasion to look at them, they had very, very largely given up the idea of controlling production and disposing of surpluses and that sort of thing, but had concentrated on such things as correcting other difficulties, such as bad grading or shipment of low quality stuff which would damage the rest of the market. I mean, shipping it without disclosing that it was low quality and maybe putting limits on the low quality that could be shipped, because once it got shipped and was not under regulation, then it could be sold to people who didn't know that the quality was bad.

Under federal law the control schemes couldn't include advertising charges because those were ruled





Erdman: out very early; it would not do to advertise one fruit crop against another. Under the state law they seem to have been able to do that, that is, advertise a state product. So much of the effort seems to be in out-right advertising, and forcing everybody who was raising a particular product, within the state, to be a part of this control scheme, and to contribute a percentage of his proceeds to the advertising fund. Sometimes the money wasn't used for advertising, as we think of it, but for such things as helping dealers display products in their stores, like early apples, or the Tokay grapes, or oranges, for example. This was done to widen interest in the product.

Chall: So if you upgrade the product and advertise it so that it will sell, this is a limiting factor on the kind of production that comes off the farms? Is this an attempt to remove surpluses, to control surpluses?

Erdman: What I'm saying is that while these laws are still on the books and there's constantly discussion of them among one group or another, in the actual operation they've gotten away from most of the attempts to convert surplus into something else or to dump it, although that is a regular practice in some organizations like the big cooperatives of California.

The walnut people, at one time, made quite a point of taking the low-grade walnuts off the market, and of course they always kept them off when they could. By low-grade in that case, you mean mostly nuts that have some shrivelled parts or have infestation of worms or something of that sort. Those would be ruled out promptly ordinarily. Those with shrivelled kernels used to be screened out by wind drafts in the screening process because they're lighter than the other nuts, and you would come out then with nuts that were, say, eighty-five percent or ninety percent perfect nuts.

Then they'd crack the others in the cracking machine that was developed so that the usable nut-meat particles could be separated out. So they'd sort and grade those and have either the small cracked kernels or the whole half kernels from them. Then when cellophane packaging came in it became a nice way to sell low-grade nuts. Then they began cracking better and better qualities, and so frequently they begin processing the better stuff as well.



Erdman: In the case of citrus, it also more or less started with an attempt to convert, into some sort of juice or other product, the poor oranges and the poor lemons. Separate corporations were set up--subsidiaries of the citrus cooperative group--and pretty soon technologies were developed for massive orange and lemon juice extraction, for more convenient use and merchandising. Then followed the development of the concentrated juice, which also lowered costs of shipment.

And once that became popular then those uses expanded beyond the surplus supplies since it was no longer restricted to the lower qualities. So now you walk to the grocery store and you find a very substantial part of the walnut crop sold, not as a whole nut, but in the form of these cellophane packed cracked nuts. In the case of oranges, a very large part of the crop is sold in the six ounce cans, which have proven to be a popular size. Or with lemons, either lemonade, which has expanded rather substantially in that form, or the plain lemon juice--all under frozen condition. Thus the perfection of the deep freeze and concentration processes has shifted away from the notion that this is surplus disposal, an alternative way of using the crop.

Chall: The development of various technologies, and the ability to change people's tastes have been a tremendous aid in most of this.

Erdman: Well, it's equally true with things like eggs. In the case of eggs, as far back as I can remember, and that's quite a long way back, there was a big rush of eggs to the market each spring when the hens were laying. Then it became evident that there was a substantial profit in buying these eggs in the spring, when the rush was on, and storing them until the winter, and selling them, beginning in the fall, as soon as a shortage developed somewhere.

Later on some of the smarter ones, when these bigger ranches began to develop, would change their production, by various devices, so as to produce relatively more of their product in the high-price season. Also in the earlier days the grocer had trouble disposing of cracked eggs that were brought in, or that were cracked in the handling process. At first those would be either given away or just thrown away in the grocery store.



Erdman: Soon enterprising business developed to pick up those eggs and "break them out" for sale to bakers. Gradually machinery was developed for breaking them. Then came a technique for freezing the liquid egg, and still later for drying them, so that dried eggs became feasible then dried whites and dried yolks separately. And as yolks became more popular than whites, a surplus of white accumulated. So somebody got the notion of popularization--cakes using whites. Anyhow, these were alternative products then. More recently there's been the development of cracking plants to utilize an egg supply which is produced deliberately for the cracking operation.

Chall: And that goes in then to the dried...

Erdman: Yes, to the various uses. That in part, and the coming of the very large poultry ranch, have virtually done away with much of the storage of eggs. By the middle fifties an organization like the Poultry Producers of Central California, which for a long time handled about half the Bay Area's eggs here, announced one time, that this was the first year they hadn't stored any eggs. In other words, they could find a market for them since both production and utilization were relatively more stable throughout the season.

Chall: Do you have any feelings about the development today, of very large units of production? What do you think about the growth of conglomerates--in the wine industry for example, where major distilleries and other businesses are buying up what used to be individual wineries.

Erdman: Well, no. I recognize them as creating new problems of some sort or another, but I don't know what they will be. I'm inclined to think we may be getting some situations in which there is likely to be an economic shakedown of some sort that many of them will not welcome, but... Maybe another 1929 or something like that.

Chall: Which they won't be able to control despite their size?

Erdman: That's right. I think so.



## THE TARIFF

Chall: One of the ways in which some people felt you could overcome the agricultural depression was to raise the tariffs. And I notice that at one point 1000 economists had signed a petition urging Hoover not to sign the Smoot-Hawley tariff bill.

Erdman: That was the late...1929 or 1930.

Chall: Of course the agitation for the tariff had been going on for at least a decade. How did you feel about this? And did you sign that petition?

Erdman: No, I didn't, because of the fact that I happened to be away from Berkeley at the time. But I had taken a very definite position against the raising of the tariff in connection with a report for the Farm Economics Association, so they knew where I stood.\* The sentiment was so strong for that sort of thing, the Republicans having come in with a bang. I don't think many even of those who signed the petition fully realized what all was happening or could happen.

That particular tariff came at a time when the country was particularly vulnerable to retaliation by foreign countries. Among our most active protectionists of the time were producers of almonds, walnuts, olives and olive oil, and wines. Exporters of those products of course followed the progress of such proposals through their trade press. They of course soon put into effect tariffs against our imports, sometimes even before our tariffs were in effect.

Chall: Apparently nobody realized that this would happen the way that it did.

Erdman: Well, no, and they didn't realize that you stop trade if you raise the tariffs high enough so that you can't import any walnuts, and they, in turn, similarly exclude our prunes, or our raisins, or our fresh grapes, or whatever we might want to ship--you just stop

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\*"Experiment Station Workers and the Tariff," Journal of Farm Economics, V. 12, No. 2, April, 1930, pp. 328-330.





Erdman: trade. And that went to such an extreme that very quickly, one thing leading to another, our international trade was way down, and then it was hard to get things going again; so it took several years before any recovery set in.

### Experiment Stations and the Tariff

Chall: I notice that you were chairman of a committee to report on the Experiment Station workers and the tariff question. Why was this set up?

Erdman: Well, it came up out of the discussions at a meeting of the Western Farm Economics Association, in Berkeley that year, 1928. William Schoenfeld, who was at that time a Pacific Coast representative of the U.S. Bureau of Agricultural Economics, had spoken on Research in the Western States, or some such topic, and then there was quite a discussion at the close. I haven't run across a copy of his paper, I don't know whether there was one produced anywhere. But out of that came a discussion as to whether or not one of the things that Experiment Stations should study was tariffs.

I had decided long before that that would be a topic on which they should be in a position to assemble facts, because I felt that the individual farmer, individual citizen, had very little understanding of the operations of tariffs. I certainly thought the Experiment Stations should do what they could to analyze the problems in such a way as to enable the people to understand better what the question is. There were numerous instances in which actually there was a clamor for the tariff on products on which we were on an export basis, in other words, a tariff would be completely futile. But still people thought because it's a tariff, it'll help.

Well, I thought that should be taken care of. And so I got up and argued that they shouldn't stay away from it, and it happened that one of my colleagues, Professor Adams, took very much exception to that, and said that it was too touchy a question. As a matter of fact, he had, that very year I think, been in Italy and Spain studying the costs of production of some of those crops there--walnuts and almonds especially--for some of our cooperative people. Well, anyhow,



Erdman: there was quite a division, and most of the group seemed to side with me that there should be some work done. There may have been a question of what could be done, how far they could go in taking positions or anything of the sort, but it should be studied.

At any rate, somebody then suggested that a committee be appointed. I don't find in the old minutes any motion to that effect, but I know the report indicates the committee was appointed. I don't recall how I was named on it. Anyhow, I became president. I didn't name myself. As I remember I was named on the committee, and I don't recall whether the other two were named in the motion or not, but one of them was this Schoenfeld, who was later to become Dean of the College of Agriculture at Oregon and who was one of Taylor's former students at Wisconsin. I met him soon after I got through my work there because he preceded me at Wisconsin.

Chall: What was Mr. Schoenfeld doing at the time you were in touch with him in this period?

Erdman: He had been employed by the U.S. Department of Agriculture at that time. He had previously been in agricultural economics with the University of Texas, or Texas A & M, it seems to me. At that particular time he was stationed in Portland as a representative for the northwest, of the U.S. Bureau of Agricultural Economics in Washington. Mr. Gaumnitz [E.W.] was a man who had received his training at the University of Minnesota with Black, and who was stationed here in California, at the time, as the economist for the State Bureau of Markets. He was a man to whom I had offered the job with us here that Stokdyk took later. They raised his pay in the state Department of Agriculture to keep him there. But anyhow, these men were both thoroughly familiar with the theories and approaches... And in addition to a committee we also brought in, I think it was Ezekial, who happened to be out here and talked over possibilities of different kinds of analysis and laying out of such projects. The project is briefly, very briefly, discussed in an issue of the Journal, but the whole report was reproduced in the 1930 issue of the Journal of Farm Economics.\*

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\*"Experiment Station Worker and the Tariff"



Chall: How did others receive this report, the Extension people, and other economists?

Erdman: I don't recall that there was any particular discussion of it because what we were suggesting wasn't anything particularly new except to people who hadn't read much on the subject. We tried to bring together some of the problems that were involved, and what we thought of as some of the things that one would need to know if one were to try to decide whether the tariff would be a good thing for Washington apples, let us say, or Utah eggs, or whatnot. We were interested in the sorts of information that you would need, and maybe the kinds of analysis, price analysis, or trade movement analysis for utilization. We were particularly concerned with what you would need to know if you wanted to make a study of the way you'd want your congressman to vote on it. I felt that studies of that sort, if they were made by independent people around in the Experiment Stations here and there where they had specific problems, would throw a good deal of light on the pro and con argument.

Chall: You don't know if any of the Experiment people made any specific studies?

Erdman: There never has been much done by them. More of it was done by a few people. Black himself had written some good stuff on that. And a number of the general economists and Brookings Institution, I think, did some of it in Washington.

Chall: Those things don't filter down to the farmers?

Erdman: Well, yes, if...once they reach conclusions, if the farmers want to read anything; but they don't, ordinarily, until editors of newspapers or of farm papers become acquainted with them. At any rate, as you find out if you talk about a tariff on olive oil or a tariff on olives to a Fresno olive producer, they feel pretty violently on that.

Chall: It hurt them?

Erdman: Lowering tariffs really would hurt them, yes.

Chall: Was there a tariff at the time?

Erdman: Yes. Yes, and they wanted a higher tariff. And the same thing applied to almonds. And walnuts. Those



Erdman: people really had some ideas on the subject.

Chall: You're saying that they were hurt by the tariff but they wanted it.

Erdman: Well, that isn't what I meant to say. My friend, Frank Swett, used to tell a story about his own reactions. He had been a Republican in his early boyhood days, and then he suddenly switched over as a Democrat on some occasion or other. But I've heard him tell groups--I think he told it one time when I had him talk to my marketing class--that when he went out to his orchard and walked down the rows of walnuts, he'd say to himself, "What a wonderful thing the tariff is, it keeps out these foreign walnuts and keeps our price up." Then he'd come back on the other side of the field along the rows of prunes, and he'd say, "What a terrible thing the tariff is because while it keeps out the French prunes, it makes some of the people over there angry and cuts their ability to buy some of our things because they haven't the buying power.

Chall: I assume that the Smoot-Hawley tariff was an all inclusive one.

Erdman: Not all inclusive, but it was almost...it came to be almost that. President Hoover had announced, in his call for that special session of Congress, for some moderate revision of some of the tariff schedules. When they got together it got to be a real logrolling fest, and everybody got in the act.

Chall: Then it took a little while before the effects could really be understood?

Erdman: Well, it didn't take very long. This was passed in 1930, as I remember, and it didn't take very long before the Depression got pretty bad, with foreign trade dropping off sharply, partly because tariffs were bad on both sides. The other people had raised theirs by edict. Anyhow, once things get bad then people become frantic about what they could do, and one thing leads to another.





## McNARY-HAUGEN PLAN

Chall: What was your opinion of the McNary-Haugen plan and the Coolidge vetoes at the time these were being considered in the Congress?

Erdman: Well, I was inclined to be skeptical of the workability of those plans, and I had no particular feelings one way or the other, having no farms or crops. I was looking at it from the point of view of the feasibility of the thing. I didn't think it would work as expected. You don't solve those problems by that type of method. I didn't think much of Coolidge's veto, but I don't recall that I was disturbed by it. Because I didn't think it was such a serious thing. I had a feeling that the farmers would come out of this themselves if they went ahead and studied their individual operations. It would mean more changes than they could make at once. But maybe I was underestimating the seriousness of the international situation.

Chall: However, some of the plans depended a bit on what, I suppose, you could call dumping surpluses abroad, and that creates...

Erdman: Well, you'd know that that would bring on retaliation. But the fellows who'd do it, still would do it. I see you have down here this question of the Farm Board.

## FARM BOARD

Chall: Yes, that was one of the next schemes.

Erdman: It seemed to me that the conception was a nice one, if somewhat idealistic. But the overexpectations from its operation must necessarily be disappointing. And the misconception that high-powered businessmen, like those appointed, had the answers was also doomed, right from the start. Men like Alexander Legge, of the Farm Board, and Charles Teague, who was head of the California Fruit Growers Exchange and of the California Walnut Growers Association, were awed, I think, by the \$500 million revolving fund that was provided for the Farm Board. A friend, sometime after



Erdman: the appointments, reminded me of Socrates' tirades against the Greeks of his time, in their tendency to accept as--what I would call--oracular, the pronouncements of anyone on any subject if the man had an outstanding reputation in any line, no matter how far removed from the current question.

Chall: And it's your feeling that some of the men on the Farm Board, while they were good in their own special fields were not capable of handling the Farm Board problems?

Erdman: That's right. That was, I thought, true of nearly all of them. The head of the outfit was the head of the International Harvester Company, the biggest machinery manufacturer, who had made his fortune in that company. Teague had made his fortune, partly in oil, but partly in his operations in citrus and walnuts on a big scale, and had been active as head of two of the big organizations. And then there was a man who was a very large livestock man in the middle west, and a man who was very important in the dairy industry in Minnesota, where, I think, he was active as one of the officers of one of the large cooperative marketing organizations.

These were administrators, so far as I know, wholly unacquainted with the details of international finance, tariff influences, the economics of farm operation, except as they knew it in their own cases. I had a feeling that even the economists of the time did not appreciate the complexities. I'm sure I didn't. And judging by the pronouncements of various sorts, even men like Black and Nourse did not foresee some of the effects. They were mostly widely accepted as the men who had a grasp of the developments that had led to the economic situation of the time.

Chall: So it was an experiment that was maybe doomed to failure?

Erdman: I thought it was. I was friendly to the idea of such a board, under the circumstances outlined, but when I realized what kind of men were appointed, I had less confidence, and even though they drew into their work some very competent men, the times were not ripe for any calm consideration. They had scarcely gotten into the business when the prices of grain began to slide. I remember a drop of something like twenty cents a bushel for wheat from \$1.40 to \$1.20. This led to their entrance with their \$500 million fund, buying wheat on the future's market to support the price.



Erdman: Well, what they didn't know--perhaps because the Department of Agriculture hadn't gone far enough in analyzing the world wheat situation--was that there was a surplus of wheat in the world at this moment. At any rate, the price dropped sharply. The average price received by U.S. farmers was 39 cents in 1931 and 38.2 cents in 1932.\*

Here was a situation which no one really had foreseen. They hadn't realized what this combination of circumstances would bring about. I mean the tariffs, the anti-trade movements everywhere, many financial difficulties--Insull and the utilities, the Sweringers, who did some railroad merging--you remember we were involved in reparations payments and we were involved in loans for rehabilitation of one sort or another. We had no past experience to enable any ordinary man to comprehend what really would be likely to happen.

#### THE NEW DEAL

Chall: After this, we get into the policies of the New Deal. Richard Kirkendall feels that the social scientists came into their own during this period and that it was they who helped develop--or in fact, developed--the New Deal agricultural policies, and not the farmers as such.\*\*

Erdman: I think that's right. Whether they were right or not, I think that is true. And the farmers were very badly divided in the three farmers' organizations which were, I felt at the time, not very well informed themselves. The farmers pretty much expressed the ideas of a few of their leaders, which is usually the case.

Chall: Did you feel here at the University this spirit of creativity that was engendered during the period of the New Deal among the agricultural economists?

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\*U.S.D.A. Agricultural Statistics, 1939, p. 10. H.E.

\*\*Richard Kirkendall, Farm Politics in the Age of Roosevelt.



Erdman: This was a period of innovation, at least. We had here the very sharp shift from the feeling that you shouldn't do anything about compulsory cooperation, as some called it. They referred to the proposals which had started, I think, in Australia, where they tried to handle surpluses by overseas dumping. There was very bitter denunciation here in California by some of the Grangers, as I recall, against any kind of crop control. The farmer should be free to do as he saw fit.

I don't recall that I had any feeling about the Triple A in its earlier stages because I didn't understand well enough how it would work. By the time I would get around to studying it and think I had an opinion on it, they would change things. I was always pretty skeptical about the various controls as a permanent answer. And I had been convinced long before, that agriculture would need to readjust to the idea that it should encourage all but the good farmers to get off the land and get jobs in business and manufacturing and whatnot. But that was an unpopular notion and I didn't get very far with that. Nevertheless I was interested in the readjustment.

Chall: Did you know many of the men involved in the Department of Agriculture during the New Deal?

Erdman: I didn't know George Peek, nor Rexford Tugwell, but I did know M.L. Wilson quite well. I got to know Chester Davis. I knew Secretary Henry Wallace, who on a number of occasions had shown up earlier in Farm Economics Association meetings. Howard Tolley I had known for a long time. And of course John Black, I had been a student with him. And Spillman I had come to know in the year I was in Washington in 1921 and '22.

### Controls

Chall: What did you think of Mr. Wilson?

Erdman: Very competent man. I thought he was a bit idealistic in what he was expecting when he was advocating some aspects of the Triple A, but I thought that was true of Secretary Wallace too. I had by that time already observed some of the difficulties you get into when you try to get people together on plans like the





Erdman: proration schemes to see how they'll fight about little details. The broad generality is O.K. but when you spell it out and it applies to my grape field or my potato patch, that's different.

I remember one case in which there was a proposal for an olive control scheme. It would, I think, have controlled the amount of canning that they could do. There were two cooperative olive handling associations. One of them was very eager to have the control established. The other one took a very dim view of it and opposed it. One of them had a heavy supply of carryover olives and they wanted a very small pack, so they would like to have had a very rigid control for canning. The other association was made up of people who had little orchards and who wanted to have an outlet, of course, for all of their olives, so they took a very strong position for keeping hands off those controls. But the one that had the carryover on its hands wanted restriction of this year's crop, which was a large crop.

That kind of difficulty came up all the time, and the kind that comes up when you try to set a quota, when you try to estimate what your crop is going to be. Such a problem came up in grapes. I'd seen so much of that here, that I wasn't too sure that they could go ahead in any simple way with some of the schemes that Wallace and others thought could work out. They had a good many arguments about it, but they made it work better than I thought it would. But there was always some change coming up...

Chall: Well, they had to learn to work with the individual farmers and farm groups, too. As I understand it, some of them did not like the restrictions, and did not like the economists coming to tell them what to do.

Erdman: Well, yes, that's right, but it's the same thing that comes up every time you contrast the way you look at curtailment if you are thinking of the industry as a whole or your own operation by itself. If you are in charge of the decision-making process to decide how many cans of fruit we are going to can, you'd have a different point of view than if you owned a small ranch and had a small cannery and you wanted to operate your cannery and your orchard to full capacity--to sell all of your fruit that way.



- Chall: But you did feel that despite it all, the AAA worked out better than you had expected?
- Erdman: Well, I never thought of it much that way. I wasn't surprised when they kept wanting to change the thing.
- Chall: Did you feel that it was well worth the try?
- Erdman: I hadn't thought about it in that way.
- Chall: Was the allotment feature an experiment that was needed in the short run?
- Erdman: Well, when things were so bad that something needed to be done, maybe this was all right. And that's the way I felt about it at the time. I thought that even about the clearinghouse with apples.

#### Parity and the Index

- Chall: Now gradually the Triple A seemed to be more concerned with parity than with allotment. At least that was what the farmers liked better, I think, for keeping up the prices.
- Erdman: The parity notion was one that came in mainly as a notion giving a specific goal. When the question was raised, how much do we want to raise the prices, they had accepted this notion of meeting a goal. These indexes--the parity index and the parity ratio--all were so simple in their appearance and gave such a specific answer always.
- Chall: You fought that.
- Erdman: Oh, I didn't fight it; on various occasions I pointed out that I thought it was fallacious and gave my reasoning on it.
- Chall: Once you used the word pernicious.\*

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\*"Defects of the Parity Concept in Agricultural Prices," Papers of the Pacific Coast Economic Association, 1942 (Seattle: University of Washington Press, 1943), pp. 61-66.



Erdman: Did I somewhere?

Chall: That's all right, you must have felt that way...

Erdman: Well, that is a stronger word than I usually use in connection with the government. Anyway, you see, there I have occasion to try to think it through in some cases like in the case of our poultry people here. They wondered whether the parity notion was applicable to western eggs in the same sense that seemed to be generally accepted. And I thought about it and began to think in terms of what the parity index was. It was made up of an index compiled on the basis of the national use, by farmers in the aggregate, of the various inputs that are involved in raising crops in total for agricultural crops. But here you have a situation in which the egg producers heavily use feeds which are a less important element in the total index than they are for the egg producers. In the case of the Washington apple people, or our own apple people, they use no feeds, but they use fertilizers which the California poultrymen have for sale.

Also geographical distortions seemed to enter. And I came to feel more and more that for a specific product it simply was nonsense to think of applying the index, the parity index as the goal. And also I concluded that the very notion of the 1910-1914 period being normal was a mistaken notion, because it was made to appear normal by the fact that they took that five year period 1910 to 1914 as normal. I felt that one of the reasons for selecting it was that that was the period just before the war, and also, more importantly, it was a good period for the purpose in the sense that, beginning in 1909, a new appropriation by the Congress had brought about reporting of prices of various additional farm products. Quite a number of additional commodities were covered on which we had no statistics back of 1910. What might have been the result if you'd taken a little different period as the base period as they did in the case of tobacco? The tobacco people picked out a higher price period than the 1910 to 1914 span. Later on, some of the others fought pretty hard and I think they did change the base period for some products in order to raise the support price level. Anyhow, I thought that whole notion was a spurious approach and not really justified at all.



Chall: Were you standing alone among your colleagues in this attitude?

Erdman: No. I don't know how much alone. I've seen very little indication...in fact, I know some of the men whose judgment I valued, who didn't speak out against it. At any rate, I don't know how they thought about it. I know men like Davis [Joseph] down here at Stanford, came out very definitely critical of it. And Black's own analysis suggests that he very clearly understood the limitations. He didn't make much of them.

Chall: Perhaps they all considered it an emergency measure that they could revise in time. It's been difficult to do, however, over the years.

Erdman: Well, it's so easy to slip over from the emergency nature to making a thing permanent or want to jiggle it a little bit to make it more acceptable from your point of view after you get under way.

Chall: With the one man-one vote concept in the United States, do you think that agriculture will be put more in perspective nationally than it has been through the years?

Erdman: Well, I don't know what will happen there. The agricultural group now is down to less than ten percent of the gainfully employed. I don't know how this will work out, what bearing it will have on the changed types of farmers now. One of the questions that comes up is this payment to individuals under various control schemes. It seems to me that that's rather nonsense to pay some of them such very large sums, but if you exclude them, then you may run into a legal problem. It's a financial reward you're paying for this compliance.

Chall: Some people have been paid for that compliance for many, many years.

Erdman: Yes, they have. These payments are so high as to make it unduly profitable for some of these large operators. And if that is the case, maybe you need to lower the trend so that there isn't as big a payment to these people. But even then you'd have the question, should you pay these bigger operators? I don't know where it stands legally.





Chall: I notice that, even in the '30s, there were some economists who were concerned that certain landholders were going to receive large amounts of money for keeping their land out of production.

Erdman: Yes, that's right. Here is the kind of criticism for example that has come up in connection with this that's disconcerting. The report has been published repeatedly that Senator Eastland representing Mississippi, I think it is, has fairly large operations due to the fact that he has taken over direct operation of dozens of farms which had been operated by sharecroppers, small operators. And those people, when they were eliminated from his operations, went to the large labor centers like San Francisco, or Detroit, or Pittsburgh, where they could get plenty of work for much of the time. Many of them are unable to find steady work--some of them are getting too old, some of them are in towns where there was no work for the type of training they'd had, like our shipyard workers here when the shipyards closed, and now they are on relief. Yet Eastland goes ahead and gets very large government payments.

Now that kind of thing looks so unfair on the face of it that you can't expect it to continue very long. And yet that is the kind of thing that develops out of such a policy if you carry it on until it reaches that limit.

Chall: Do you have any feelings about the need at all for controls even in a period, let us say, which is not an emergency period? Take today for example. Could we exist without agricultural controls?

Erdman: Again, I'm not really in a position to say. There are numerous controls to which production has become adjusted. If, for example, you were suddenly to wipe out the tariffs--which are just one type of control--and I were producing almonds, I would certainly object to having that removed immediately.

I had in the past, on some occasion or other, suggested gradual lowering of the tariff on almonds which had encouraged heavy planting. What would you do if it were considered necessary to reduce or abolish the tariff? I suggested that if I were the dictator, and found almond plantings increasing, I would lower the tariffs as replanting started, and thus ultimately



Erdman: eliminate the portion of the crop which depended on the tariff. Now if it were a case in which we felt we needed some of that product as a stand-by reserve, we could make a judgment on, say, the point at which we would probably have enough to meet emergency needs, and could import the rest cheaper than we could produce it. I would lower that tariff till at least some kind of equilibrium was established. That sort of action would need careful analysis. To wipe out controls, whatever they are, abruptly, would again throw participants into a period of confusion.

Whether you have controls more or less depends on how you look at the economy from time to time. We may need more controls as we have more and more conglomerates which combine farming with unrelated ventures. Stockholders want to know which of the parts are making money. For the most part the management doesn't like to report this. We may need controls in order to get information. And we must decide if we want such mergers to continue until only a few big operations are controlling the economy through the United States.

#### ROLE OF THE ECONOMIST

Erdman: I don't believe that an economist should be expected to have a hard and fast answer on every question. I think that is what Socrates had in mind.

Most of us who teach, when controversial questions come up, can answer, "yes and no." We can say that the greater good seems to lie on one side or the other, and recognize that severe difficulties will be caused for some people or groups when you do what seems best for the greater number.



## IX LOOKING AT THE COOPERATIVE MOVEMENT

Chall: Today we're going to talk about your role in the cooperative movement. It's been a significant one, I feel, and others do too. How would you say you've been directly involved in the movement in the United States and California?

### ACCUMULATING THE EVIDENCE

Erdman: I think I mentioned earlier a number of things in connection with how I became involved. I began teaching courses, of course, back in Ohio, and then started right in again out here, and that, of course, meant that I wanted to keep up-to-date on what was going on among cooperatives. Most of what is written is always old stuff. And things are going on. So to keep up-to-date and also to see what things were developing, I kept as much in touch as I could with what was going on by going out to cooperatives.

First in Ohio, picking up what I could about farmers' elevators and other cooperatives, and that study led to a couple of bulletins there. And then feeling I needed it here in connection with my teaching. I didn't write anything on it for quite some time here, but I always felt that I needed to keep my lecture material up-to-date, and I kept my lectures and notes in such a way that if I ran across anything, I'd just stick it in a file for that course, and it'd show up the next semester when I revised the outline, or got out a new syllabus. Then I accumulated various documents as I went along: annual reports, and by-laws, and contracts, and the speeches about or related to the movement, and so on.



Erdman: And when the Giannini Foundation Library was founded in 1928 or '29, I put a very large portion of my material into it, in fact anything that was possibly of general interest at all, and kept only duplicates or things that I needed for immediate use maybe in my office. That included market reports, which were shortly microfilmed. This adjoining room here to the north held virtually a little library, a departmental library--an accumulation of market reports that were bound together chronologically. The department needed them for price analysis and statistical studies that we thought were important.

Anyhow, in the middle thirties when the W.P.A. or Works Progress Administration was set up, I decided to submit a project on cooperative history in California. I made out a list of publications in California that I thought might have material in them and listed them on a big sheet. The periodicals down the side, you see. The periodicals mostly are farm papers for the years and I coded them. These code lines indicate whether or not they were covered in the library and whether or not it was the University library or the state library at Sacramento.

Chall: And you had the W.P.A. workers doing that?

Erdman: They were adults who were out of jobs, and included everyone from widows to, in one case, a retired banker. The bank had gone to pieces and he had nothing. All sorts of people. I had the freedom of saying, "He's no good for this, so let's put him on something else." If they couldn't, they could give him just plain relief. But I finally had a half dozen working in the Bancroft Library, and another half dozen, or sometimes even more, at Sacramento at the state library, or in the Sacramento city library. I worked with them to teach them what I wanted and how I wanted it recorded. They made notes on individual cards, like this (3 x 5 cards) giving the citation. They were instructed that they were to use only one card, either one or both sides, but if there was additional material, it should be made out on a second card under an appropriate title. But if the information were all on just one organization, only one card would be needed.

Chall: Now, who prepared the first list? Did they prepare that list?

Erdman: No, I did.





Chall: That must have taken quite a bit of time, just to prepare the list that they were working from.

Erdman: Well, there are lists. You don't start from scratch. Librarians have lists of publications they have in the library, and then you go to the paper room or card files to learn which issues they have. You know that there's a publication in San Bernardino or in Santa Rosa that you would suspect might report local activities in a small town. You look through a few issues to see if that's the kind of stuff that's in the paper; and since we couldn't cover all available publications, I picked out certain ones to get a pretty complete coverage of the state. I felt that those wouldn't tell you much specifically yet they frequently would give important dates. That is, you go through and examine the articles, you find a tremendous amount of confusion because the names are sometimes sufficiently similar so that they'll misprint the names of the people. But the important thing to me was that this would tell me that, in 1893, there was an organization that was engaged in this or that, or that there was one in San Jose. I might find frequent references to it.

Maybe the article would mention that a certain person or persons were from New York where they'd been in the dairy business, something of this sort, tied it up, in that sense. I finally got this batch of cards that are in the boxes here, ready in boxes that can be used in future studies if anybody wants to follow it up, because I will not have time. It turned out to be altogether more complicated a thing than I'd figured.

Chall: How far up-to-date did they go?

Erdman: About 1940.

Chall: And they started as far back as...

Erdman: Anything that was available. They are ranged chronologically here so I can take an organization, the Sonoma County Poultry Association, for example. These are the cards on the Sonoma County Poultry Producers Federation for January, 1914, and the rest of its history, all on that same organization. You can see whether they've been doing anything, and finally when they go into bankruptcy or merge into something else.



# "So. Calif. Walnut Growers' Ass'n."

Pac. Fruit World 35:7:2 Oct. 14, 1911.

At meeting held in S. Cal. this week  
J. A. Hazard of Whittier Pres of the  
assn. was chosen as their European  
representative, at a very generous  
salary & will leave for France  
shortly. Also to send 2 delegates  
to meet with tariff Commission in Wash  
DC, in Nov. Dr. V. Allen Arnold (over)

unindented.

## Calif. Poultrymen's Protective Assn.

P. R. P. 85:15:489

Apr. 12, 1912

A branch of the Assn. was recently  
perfected at Sebastopol with the  
election of the following officers:

Pres., A. R. Fyding; vice pres., W. V.  
Erickson; sec., John Bovey.

J. A. Hazard over the  
two chosen to endeavor  
to keep duties on  
foreign walnuts the  
same as it is at the  
present time.

Section 1/4 Cor.  
Township  
Legal Description:  
On  
Road  
Located Miles and Direction From  
Description of land: No. of acres in farm  
AAA No. District  
County  
Name  
Crop  
Card No.



Erdman: Of course, you can follow through if you have the time to go to the library, find the article, and make more detailed notes. Then if you try to write it up, you find all the confusion that you can imagine and the inaccuracies that are there, but you do have the fact that there was an organization and you can get something on it. Here's one for example on which I wasn't able to locate much, although some chap wrote a "History of the Petaluma Egg Exchange" about it. He got his information fifteen years after the organization had gone out of existence by talking to two of the directors--one of whom was also a secretary at that same time. However after fifteen years they would have forgotten much, and then the listener, who was the author of the article, got it confused and so it's a terribly confused story. I wanted to know the facts because the organization got into the courts, and according to some reports, it was seven or eight years in the courts. So I finally got hold of the articles of incorporation to see what kind of organization it really was.

Chall: I suppose when you're dealing with this kind of material and research you realize how inaccurate people are in their work, and how the inaccuracies become greater as the years go by--if you research on the basis of someone's inaccurate report to begin with.

Erdman: Yes, well, the inaccuracies come in and are often corrected later. That is, you aren't too sure what happened but something did, and you may learn what. In this case, the man who wrote the history named the wrong man as manager. Now he was simply confused on it, and I know that was the case because the man that I'm assuming was the manager continued to report its doings. The papers reported that he had given them the latest figures on the outlook for eggs and so on. And he had given the weekly quotations to them as manager of this association, which they then named as the one I was concerned about. Well, the author had been completely wrong on that. He went on and told what a poor manager this man was. Well, [laughter]...

Chall: [Laughter] Oh my, built up a whole story...

Erdman: Well, it's an interesting story to me, not because of the problem of research but because this was the second time the Petaluma crowd had jumped into this kind of



Erdman: venture in the course of a very few years. And to have it end in the same collapsing way...

#### DESCRIBING THE MARKETING PROCEDURES

Chall: You have been interested in cooperatives from the point of view of the history of their development and also in sizing up their modes of operation and the assumptions on which they operate.

Erdman: Yeah. Yeah.

Chall: I noticed this in your writing, that there seemed to be these three characteristic: the descriptive or historical, the analytical, and then those that deal with the warnings.

Erdman: Yeah, well, I have operated all the way through on the notion that the people who pooh-poohed description are on the wrong track altogether because the reader needs to know what you are discussing. You can't tell why there are as many middlemen as there are unless you know something about marketing as it actually functions. And you need to know first, before you can reason about it, what steps middlemen do take, and why they take them, and what kind of organization that is. For example, if you read about an auction in New Jersey, what a saving it makes, you need to know what that particular auction does. If it merely takes the place of a local buyer, as happened down here when we had an auction in connection with the rhubarb crop, I think it was, near San Leandro, you need to know something about it.

This auction merely was a little informal group of farmers who sold the rhubarb to the people who would ordinarily have been representatives of San Francisco or Oakland produce dealers. So it really wasn't saving as much as they thought, but it was giving them an open market. They could get competing buyers to bid on it openly, so when you take the costs of operating that auction, you have no real basis of comparison with another unless you know what these services are. This is equally true with the New York auctions.







Professor Erdman lecturing on revolving finance.  
1952



Erdman: When some California growers objected to having produce sold at auction, they were thinking of it as a dumping procedure--you often sell stuff you don't want through an auction. But this was an entirely different thing. Two big California distributors, the California Fruit Growers Exchange and the California Fruit Exchange sold citrus and deciduous fruits through these auctions. Instead of having a broker go to or call each jobber in New York, to sell him fruit that he has in a refrigerator car down on the tracks, these organizations placed samples of their offerings on display at conveniently located auctions. They would have their representative arrange to display part of this load on the auction floor and sell the carlot on the basis of that sample. The sellers had the privilege of stopping the sale and shifting to another car if the bidding wasn't satisfactory. If they thought this was just a temporary oversupply in New York, they might let the rest stay in the car for a couple of days. So it was not dumping in any sense. Furthermore the home offices would be directing the continuous flow from California packing houses so as to get it distributed over the entire country to get the maximum returns.

Well, anyhow, I wanted to see these operations, and ask questions on the spot. I wanted to know whether this was in any sense a "perfect market", whether it was the cheapest way, and the most efficient way you could find of getting it there. If there's a better way then somebody may be in the process of trying to find it, but before you can criticize this, you need to know why this developed and what kind of a system it is that moves the produce.

Chall: Then in your concern all these years with the cooperatives and the cooperative movement it was probably a tremendous help, not only to you, but to the people with whom you were dealing, that you had a background as you did in marketing, that you understood the market and the market activity and procedures as well as you did, so that you could see what the cooperatives could or couldn't achieve by their type of organization.

Erdman: Those were the sorts of questions I wanted answered.



## ANALYZING THE HISTORICAL ROOTS

Chall: Well, now, over the years, you've learned quite a bit about cooperatives. Obviously, you're considered the authority. Do you have something like a few commandments regarding management, and financing, and growth, etc.?

Erdman: I don't think I have anything like commandments at all. I have written out a lot of things, at one time or another, I guess, but why in the world did I get to writing it? In the first place, I was frequently asked for a copy of a talk that I'd made. In the earlier talks, in Ohio especially, and here too, I took these small cards--3" x 5" cards I carried, they were index cards--and, as you're taught in the public speaking classes, tried to get the main ideas down so that I could remind myself of points I wanted to talk about. But then when I got into complicated things, which are controversial often, and was asked for a copy--rather than let the man just take his few notes and scribble them up--I'd write out my talk.

And the second reason for writing it out is that I couldn't get the thing straight at the start. I'd need to look up this and that and try to piece things together. And that frequently happened, as in the case of this study I referred to, about, Associated Dairies [of New York as Precursors of American Agricultural Cooperatives]. Here's a reprint of an article in Agricultural History that dealt with dairies in New York, and you wonder why the devil I had to go and study something in New York.\* I had two reasons for that. One was that I was confident that if cooperation started there as so many people were saying, while it may not have been the very earliest, it was very early and it really grew fast in that area.

I thought I should read some articles on what was done there and then I discovered that most of the writings were extremely vague and indefinite. So I began bringing together what I could in the way of

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\*Agricultural History, Vol. 36, No. 2, pp. 82-90., 1962.



Erdman: articles, and got into correspondence with the people in the archives at Cornell University. I found repeated reference to joint stock companies. Well, the term joint stock companies had a bad connotation here, meaning companies which were not really cooperative but often pretended to be. They were capital stock organizations, which some folks considered bad.

I found that this man, Willard, who was quite a reputable writer in New York reporting on the cheese factories, had studied law for a couple of years and then had given up the law idea and gone to "cheese dairying." So I decided he must have known local law at the time and that when he wrote of "joint stock companies"--as the form in which these were organized--he must have been contrasting this form of organization with corporations because never in quite a lot of the writings that I went through did he ever mention their being incorporated.

Well, then, I found out that that was the period when the corporation was developing in this country out of what used to be a partnership kind of arrangement for local businesses. The participants purchased shares, and signed a kind of contract when they organized, with a brief statement outlining their procedures--what later became articles of incorporation. I was convinced that Willard was thinking of these articles as bringing these people together in a kind of a mutual deal.

Chall: Joint venture.

Erdman: It was a joint venture of that sort at the beginnings, and that was what he was talking about as a joint stock company.

Chall: Yes, matter of terminology as it's developing, I suppose.

Erdman: Well, yes. Then I was interested also in knowing just what these organizations were doing and that's when I dug into that a good deal. Why were they called Associated Dairies? Were they in any modern sense cooperatives? If people had come out to California--I was sure many must have come out from some of those areas--what, I wanted to know, had they brought out with them. Well, I didn't find much, except this: that sometime in the 1860s at least three practices were developed by those New York associated dairies,





Erdman: as they called them, that became recognized as features of cooperatives. One was the pooling of proceeds from the milk delivered, another one was voting on the basis of the number of cows kept, and third was having the patrons invest in proportion to their use of the facilities offered.

Now these ideas came into California early, and I had never yet found out for sure just where they came from. That is why I wanted to learn whether early Californians came from the New York cheese area. I found no clear link. I concluded that, for the most part, most of the people who developed things like that may have read about them somewhere. They'd gotten the idea, but they'd forgotten that they'd read it. Here's a new situation in California and as they're thinking that over, the long-forgotten idea of pooling may have come back, or they may have evolved the idea on the spot.

So you find all these things being done in the early citrus group. The citrus people not having a vote by number of cows, but some of the very early ones having a vote on the basis of their tonnage, or trees, or acreage. They often tried to sell shares in proportion to acreage, a share for every acre, or something like that. Thus, when they voted one vote for each share, it would mean one acre one vote, too.

Chall: Some of them would then have more votes than others of course.

Erdman: Well, that's right, yes, and so those, in a sense, are some of the backgrounds I was interested in.

### Promoters

Erdman: I had, of course, been interested in cooperatives going way back to the days I think I mentioned when that promoter sold my father some stock in a horse company. And then while I was on that inspection job I had frequent occasions to observe creameries which had been called cooperative but which hadn't much resemblance to cooperatives at the time. And then I remember one which a promoter had just organized. The building was already underway by the day I got there--not that it would have made any difference--but I had been there



Erdman: five or six weeks earlier making an inspection of the little cream station and had remembered it was an extremely small one. I didn't think there was enough for a single churning a week. When I stopped on my next round I found that the promoter had come in and had sold one of the local bankers the idea that if they could build a creamery, they could bring in cows--the banker could help finance bringing in the cows on these ranches--and you'd pretty soon have a big volume of business there. Then somebody raised the question, "What about the wild onions that grow in the grass here?" And he had an answer to that. He would provide them with a creamery operator who would be able to handle that, because they had scientific methods now by which that flavor could be removed.

Well, the creamery was nearly ready to get underway, when I was there the second time, so I didn't do anything. There was nothing I could do about it anyway; it was not my job. But I was interested in observing it. Of course there wasn't enough business involved--they didn't last even a single season. But it was promoted and sold to these people in that way, and that was the story of quite a number of promoted creameries.

Chall: Is that the old type of what we now call the suede shoe boys?

Erdman: I don't know what you'd call them now.

Chall: I did note in your article on the elevator movement that you warned that when the promoters decided to set things up they usually weren't as successful as when the farmers themselves were involved in making the plans.

#### POSSIBILITIES AND LIMITATIONS

Chall: In 1925, you wrote a Giannini Foundation paper, "Possibilities and Limitations of Cooperative Marketing," and in that one you were not writing historically, you were indicating what the cooperative movement could and could not achieve. It was written at a time when Mr. Sapiro and his activities in behalf of cooperatives was in its heyday, and I think they felt it was the panacea--done his way of course. Was this a controversial



Chall: paper? And was it received with a certain amount of, say, animosity in some quarters?

Erdman: No, I don't know that it was. Sapiro was out of it by that time, in a way, as far as California was concerned. He was still going strong in some other areas. Some of this had been developed by John Black at the University of Minnesota, where Sapiro had organized a potato growers association. And I had watched the idea of bigness growing in Ohio. It seemed that pointing out limitations was a good way to point out what some of the fallacies were in the attempt by Sapiro to organize every group into a big commodity organization which would dominate the market. I don't think that was particularly controversial in that sense.

Chall: It wasn't a brave step? In other words, you were merely defining the possibilities of the cooperative so that people could see it more clearly than they had?

Erdman: I don't know what one means by saying "brave." There was no threat of me being fired or shot. Certainly not in those days. The bigger California cooperatives antedated Sapiro and a number of his had failed. I was imbued with the idea that one should be objective in his analysis of a problem and that this was it. I wasn't telling them what to do. In fact, I had been talking that sort of stuff to them off and on.

This one on principles ["The Principles of Cooperation"] is another one of that sort where I had done quite a lot of research. Maybe some wouldn't call it research. What I did was to satisfy my curiosity, go into the background of what the earlier writers had said about the principles of cooperation, the Rochdale principles they talk about so much. And they were, time and again saying at meetings I attended that if you only followed the Rochdale principles, you wouldn't have all these failures. I believe Sapiro had belittled them too.

Chall: I hadn't ever thought that the Rochdale principles were supposed to be applied to this sort of cooperative. This was not so, I guess?

Erdman: No. The Rochdale principles were really introduced in this country by the National Grange, way back in the middle 1870 if I remember rightly. A lot of farmer



Erdman: cooperatives had been organized and were going to the dogs, in some cases pretty fast. And the Grange pushed this notion, and most of the early grain elevators, then, wherever they got into what they thought was a cooperative approach would find they were organized under modifications of the then-existing laws for corporations. While they might not be able to restrict the number of shares a man owned under those laws, they could frequently organize under state laws with one vote per member, which would be a Rochdale notion.

Then the main notion was that they charge the going price or operate on the going margin in the grain elevator business, let us say, and then if there's any saving--which they always expected--they would prorate it back to the members in proportion to the number of bushels or dollars of sales, after paying a fixed interest--or limited interest--on the capital. Such a cooperative obviously would never pay a fancy dividend to the investors.

The non-stock plan came in later. So there was a good deal of criticism of that type, and the Rochdalees thought they were holier-than-thou, in a sense. And that's why I got interested in the problem. I kept asking the question, then, as I went through the evidence, as to whether or not these different principles had any bearing on the failures. I knew there were a number of studies of failures, and simple conclusions had been set down that I thought failed to clarify the issue.

#### SIZE AND BENEFIT

Chall: In one of the latest bulletins, entitled "Cooperation--Forecast," you were dealing with the trend toward bigness and integration, which you thought might possibly pose a danger in the development of cooperatives. That was written in 1959, and I wondered, in the course of your study on cooperatives, whether you had been watching this trend.

Erdman: Let's see, that was 1959? I think that was a brief paper presented before a little discussion group in connection with the American Institute of Cooperation.





Erdman: Anyhow, I have felt for a long time that much of this notion of integration was not understood, especially in connection with the idea that you need to get bigger and bigger, and the bigger you get, the stronger you are. I'm not so sure that in many cases that is really true. It's difficult, more often I would say it's impossible, to say whether the members of two merged organizations benefitted. Most promoters of bigness in such cases have little comprehension of the extent to which the forces of supply and demand operate with what I like to call "glacial pressure."

Chall: That means what?

Erdman: I mean in this sense that a glacier moves slowly but exerts tremendous, steady pressure. That is what I was talking about, I think at an earlier time, as the tendency for benefits to disappear. Now that simply means this: that if you get into an organization that really makes a profit, or gives a better return to the producers, let us say, for oranges, then some will be induced to plant a little more acreage.

I met a young fellow, Stanford University graduate, running a little lemon orchard near Ventura. I knew that the supply of lemons was up enough so that the exchange was doing what it could to manufacture the surplus into some other products. "Why," I asked, "did you plant this little seven acre tract to lemons?" "Oh," he said, "it pays me ten percent a year if I can get the yield they're getting on that other piece."

And after I'd made a study of walnut prices, I was talking to a grower down near Santa Barbara, I guess it was. He was sitting in the front row as I spoke to the group the previous evening. I was pointing out that, by the time the present acreage all got into full bearing, they'd have enough walnuts according to present demands to bring the price way down from about twenty cents a pound to perhaps ten cents. This man seemed to be disturbed. I had arrangements with him to go out next morning to look over his walnut orchard. I asked him why he had bought that additional acreage and paid a big price for it. "Well," he said, "at the price I paid for it, it pays me six percent."

Chall: Today. It's the tomorrow he hadn't thought about.

Erdman: He was a smart farmer who was really doing a good job, but he had completely overlooked that. And he had



Erdman: completely ignored the statistics published by his own organization which were warning of over-production. What he was facing was what I call glacial pressure. It comes so slowly that one doesn't know it's going on. Unless you do what the people who study glaciers do when they put down stakes on glaciers to see where the movement is, you can't tell where it has moved till they see that these stakes are out of line. Well, how would that come about? Well, one stake or the other moved.

In the case of walnuts, the price goes down, but prices do fluctuate as size and quality of crops vary, but since he has no stakes to compare, the farmer may merely note that "we're getting more than the competitors are paying," and hope that next year will be better. But as the seasons pass he loses track of the variables with trends glacier-like headed downward. It's such slow action, but it comes, and it comes for sure.

Chall: Trees, particularly, take a long time before they mature.

Erdman: That's right. They don't get into full bearing until they're about ten years old.

Chall: Then, there they are, and nothing to be done about it.

Erdman: That's right. And they go on for another twenty to twenty-five years, in the case of walnuts. Now, this applies to almost everyting. One may think it doesn't, but you see it right and left all the time.

Now as to the ideas of bigness, there is a popular notion that big organizations cut down their overhead. But if you study the nature of cost curves, you soon realize that at some point the curve turns up. You also soon realize that many variables are involved. I tried to picture some of these in a note a few years ago. ["Interpretation of Variations in Cost Data for a Group of Individual Firms" (Journal of Farm Economics, vol. 26, No. 2, May, 1949, pp. 388-391)]



Poultry Producers of Central California

Erdman: Poultry Producers of Central California faced a unique situation. The Association had grown large with elaborate feed and egg processing facilities to serve some ten thousand poultrymen. Then new technologies made it profitable for good managers to increase size of poultry farms radically. Among the smaller poultry producers, an enormous number just went out of business because of narrowed margins. Then all of a sudden the whole business seems to have changed. Not only were the farms getting bigger with a vengeance, but a few newcomers with money or credit came along.

A dentist, for example, bought several ranches, and soon had a million hens. In the meantime, the Association management wanted his business because he was buying enormous quantities of feed and was producing an enormous volume of eggs. The Association needed volume to utilize its plant fully. So they took him in and soon had a credit problem. They weren't supposed to extend credit but they'd been a bit lenient when he couldn't pay promptly. Then the question came, should they stop selling to him? If they'd stopped, how could they collect? They couldn't stop it without getting him into trouble and he had gotten deeply into debt with them before the board realized what had happened. Before long several such deals came along. The Association management had a new kind of problem. Foreclosing on such an operator meant taking over a business that could not be sold except at heavy loss--several million dollars it proved to be.

The poultry producers all of a sudden found they'd gone haywire on bigness. They'd made mistakes. Then they made more mistakes trying to pull themselves out of a hole by their bootstraps, or whatever you want to call it, by giving these operators another chance. The resulting loss left the Association with no working capital.

Chall: Did that end the poultry producers, by and large?

Erdman: No, the Poultry Producers of Central California or what was left of it, was taken over by the Pacific Growers which continued the sale of Nulaid Eggs.

Chall: Was that merger a development of growth necessary in order to bring the poultry producers out of their problem?



Erdman: Well, it's a long story. The Poultry Producers of Central California, organized in 1916, had from the early 1920s until the early 1960s handled about half the egg business in the Bay Area. By that time, this change was coming. One of the things that was happening was that the elaborate egg handling plant they had developed at San Leandro proved to be more expensive to operate than planners had expected.

In the meantime, the Association's business was being diminished because the same firm which had developed some of the handling machinery for the big plant was making equipment that the new group of large operators could use on their own ranches in handling both feed and eggs. Frequently such operators withdrew from the Association to do their own selling. Soon the Association had to close numerous branches and sell facilities and equipment at a heavy loss. Thus the Association found that its operating capital was all tied up in expensive equipment and facilities. It finally had to sell out for a small fraction of its value as an operating unit.

The Pacific Growers which had taken over had grown up partly out of a succession of mergers including the Hayward Poultry Producers, the Farm Bureau Exchange at Santa Cruz, and a small organization at Rio Linda.

Chall: Now, are they operating differently from the way that the...

Erdman: I haven't followed just how they're operating now.

Chall: They're successful?

Erdman: Well, they're going on. They have quit issuing reports that tell what they're doing. Yes. The crowd that's in there now doesn't...well, I'm skeptical of how cooperative they are, but it's the big operators that are running it now.





## MANAGEMENT

Chall: Part of the problem with growth and change then comes because one can't foresee the technological changes that will occur that might make a promising venture at one time, disappointing or a failure at another?

Erdman: That's right. But what I was getting at was that bigness alone doesn't help you on those deals. With a cooperative you have another weakness which I think is fundamental in many of them. Where you have a broad-based operation like a membership association spread over a wide area it seems to be easy for an idealistic or a designing person to get elected as a director. He may have become known as a result of critical speeches or articles in time of trouble. Once on the board, he may have to admit that "things look different from the inside." In private business the directors more often are people who've grown up in that or a related business, and whose experience or business connections are of value to the management.

Chall: I notice that you frequently set out a warning about management selection in cooperatives as if there was something different about cooperative management from that of private businesses.

Erdman: Did I say it was different?

Chall: That's what I was going to ask you. The implication is that management in cooperatives is not always good, and that you have to be very careful about selection. And I wondered whether you found that this was more true of cooperative managers than of others.

Erdman: What I've said is that farmers are not very competent at selecting good managers. I have a notion that successful businesses have boards that are more experienced, hence are better judges of prospective managers, and better judges of his accomplishments later than most new cooperative boards.

Take the case of the pear growers--in Swett's organization. Members became critical of the management without knowing what was happening, or believing him when he pointed out, let us say, that the bargaining association was no longer as effective as it had been because one, the California growers had over-planted



Erdman: and two, the Pacific Northwest was crowding in heavily on pears with increased production, and three, the Depression was taking its toll. Naturally the pear growers were very unhappy. They blamed the management. Dissatisfaction led to fighting within the organization. There were differences of opinion about pricing pears that were grown, let us say, in Lake County, where big pears were used for drying (one alternative outlet) as compared with the Placerville area, where the pears are shipped fresh, or the Santa Clara area, where the pears are mostly canned. Finally, a separate association was formed in the Santa Clara area. Soon the old organization gave up.

Internal scraps happen in other organizations at times when a crisis comes. It came to walnuts a few years ago. The walnut area had spread northward because housing developments had removed many acres of the walnut orchards in southern California and because newer plantings in northern California were doing well. But there was quite a scrap within the organization when they first proposed to move the main plant to the north from Los Angeles. They finally established the new plant, a modern one, in Stockton. And they're still going, a good strong organization, but there was a lot of fighting within the organization for a time.

Chall: The problem with management is not solely the fact that managers aren't qualified always, but it might be that the members don't understand the function of management, or what he's doing.

Erdman: Well, that's right. And the managers themselves aren't too clear always as to what's going on, nor skillful in explaining to members.

Chall: Do you think that this is different from management, let us say, of Chrysler Corporation?

Erdman: No. Not basically different. You have the same basic problems of taking a batch of equipment that has to be organized to handle this job that you're trying to do in the economy and fitting the people into a working system. And the people then have to work as a unit, as a team of some sort. And somebody has to organize and direct that so that it moves with the minimum of friction to get done what needs doing.



Erdman: In the case of the poultry people, membership supports literally vanished when the number of egg producers sharply declined, because the small operators couldn't "make it," and the bigger ones had a different kind of outlook.

Chall: But the glacial effect, as you see it, is still there.

Erdman: What I was talking about was that pressure, the pressure to get bigger, or to do something differently, modify an old product, invent a substitute, etc. And then the pressure on the part of consumers who favor the other fellow's product. Take eggs again. People will pay a premium for nicely cartoned, carefully graded eggs of uniform quality. Imperceptibly the discount on lower quality becomes wider, as consumers switch to their preference at those prices.

#### WRITING THE BOOK ON THE HISTORY OF COOPERATIVES

Chall: Well, with all your background, now you're writing the definitive book on the history of the cooperative movement. How's it going?

Erdman: Well, I don't think I'm writing a definitive book.

Chall: You don't? Has it been written before--the definitive book?

Erdman: No. Problems don't stay solved, and I'm inclined to think that anybody who writes what he thinks is a definitive book is just talking plain nonsense.

Chall: Then we won't call it that. What do you call it?

Erdman: I don't call it.

Chall: What do you consider that it is, or is to be?

Erdman: Well, I've been trying to recapture... That's what you're trying to do when you write history is to try to reconstruct what has happened in the sequence and see if you can figure out why it went well or badly. It's that sort of thing that I was thinking of.

Chall: I suppose one very real problem in writing this book, as in writing any of your articles, comes as you try



Chall: to verify your sources. You've discussed this often, and since you are a very careful researcher, this aspect of the work must slow the progress.

Erdman: I was commenting on the fact that in at least a dozen references, I find the statement that the date of the earliest cooperative in dairying in the United States was 1810 in Connecticut. Then when I looked up the references, they all go back to a general reference, by one man, to some changes that were made in 1810, when--so far as I can find out, and his own statements seem to corroborate that--it was really some decades later that the cooperative was established. Once it got printed in a book it continues to get quoted by well-known writers. It got into the books, you see.

Chall: And then from that time on, it's fact.

Erdman: Yes, well, yes...I think that's rather common. Somebody was saying the other day that widespread publication of a mistaken notion on public matters, even though later explained, shows up over and over in recollections of people years later. They've remembered that, they read that, and they weren't interested in reading anything more about it, so they ignore the explanations and let it go at that.

Chall: Are you critical? I mean, do you take a critical look at most references that you find of this kind? How do you determine whether or not you might just go ahead and use a citation, like the 1810 one, for example?

Erdman: Well, I usually try to see if I can find any corroboration. If there's anything available, see if that suggests the same thing. Or whether the same people refer to it later, on their own knowledge. Very often it's impossible to find out just what happened, but in this particular case, I'm pretty well satisfied by the later discussions of the methods of handling dairy products, and particularly in that area of Connecticut, that this was an entirely mistaken notion. Partly because of the terminology that was used. But anyhow, I think any such thing needs some kind of checking up.

Chall: And that takes time.

Erdman: Yes, and most people haven't any time. They're writing a subject on--oh, the development of cooperatives in





Erdman: the last twenty years, let us say, in dairying, and they see this quotation that something like this was done 150 years ago--that was the beginning of it--so they just take that down, and never give it another thought. That's in the first paragraph of some articles, some publications that I have right here. Silly mistakes.

Chall: That's why it's going to take a long time to write your book on cooperatives. You will keep checking.

Erdman: Yes, and I think also because I keep getting diverted. Something comes up that's immediately important, whether it's making a speech on another subject, or hearing a lecture on something I'm interested in--as there was last night. We went over in the afternoon to hear a talk on a question of "Are there too many people in California?" It turned out to be one of those technical lectures in which the argument was over the precise formula certain researchers would use in defining the optimum. Having read the superficial announcement which occurred in one of our staff bulletins, I mistakenly thought I knew the man who was to speak, and I didn't expect that kind of thing of him; but when I got there, I found it was an entirely different man, with an entirely different notion, and with an entirely different academic following.

Chall: So did that lead you to start thinking of something else? Pondering his point of view?

Erdman: Yes.

Chall: Who was it who spoke last night?

Erdman: A man named James Buchanan.

Chall: And whom had you expected?

Erdman: Another Buchanan.

Chall: How far along are you with the book?

Erdman: Oh, I'm a long ways from what I started out to do. I've done mostly some work on a number of commodities, but my main work here of late has been attempting to figure out what happened in this area's poultry industry.



Chall: What led you to get into that side...poultry, to go off in that direction?

Erdman: Well, I got into that mainly because I had seen the organization close at hand for quite a number of years. And then I kept finding that there were things that I hadn't realized I should have known about. I have a feeling that what comes out of this in part is a realization on my own part that people expect too much of cooperatives.

The emotional end of it led them into an idealization of--without knowing the terms--what a perfect market would be. And their failure to understand that often makes them disappointed when they get in and the organization doesn't change their situation very much; and when the individual, maybe, wanted to organize because of some particular so-called evils that he thought existed, which were not necessarily what he thought they were. They often say things look different after you get in there and get new information than it did when you were looking at it from the outside.

What happens often then is that by the time you get an organization set up, conditions have already changed, partly because the very setting up of an organization may stimulate competitive changes, and anyway the margins may actually change as soon as a cooperative is set up. And from there on the skeptics are likely to say that they're not getting anything more than they were before.

One of the interesting early cases came up in connection with the California citrus group, where they had set up a nice organization to sell oranges--to get away from waiting for a buyer to come to the ranch and buy. The buyers had decided they wouldn't buy outright. They'd decided they'd send the stuff East on consignment and then, if it didn't bring enough to cover shipping costs they could charge back to the farmer. Anyhow, then came a short crop year, and the buyers were offering such good prices, that the growers deserted their organization, thinking they'd solved the problem because the buyers were now doing a good job. Then after a year or so, there were plenty of oranges, and growers found that they were worse off than ever.



Erdman: Swett used a quotation once when the same circumstances faced him because the pear growers bargaining position had weakened and things were getting bad again. He was urging them to at least keep the organization going so that they could get the best information about the outlook, but they wouldn't spend any money for anything like that. So he quoted the verse of some old-time writer which I can only vaguely remember: "The Devil was sick, the Devil a monk would be; the Devil got well--the Devil a monk was he."\*

I used to quote from Alice in Wonderland on this kind of situation. You may remember, Alice and the queen were resting under a tree after running till they were tired. Alice noticed that they were still in the same spot. The queen explained, "In this land you have to run as fast as you can to stay where you are; if you want to go somewhere, you have to run twice as fast as that." Now that is one of the things I think that stands out when you study cooperatives: that unless management keeps up-to-date and keeps ahead of the crowd, competitors will very quickly copy improvements they have made, and your benefits will have become diffused. That prompts members to raise the question as to whether you've done the job now and should disorganize. I'm convinced that, by and large, that's when they should stay with it.

Chall: Well, you felt, then, that the cooperative method of organization is one of the best ways that farmers or agriculturists can handle the getting of their produce to the market and to the consumer.

Erdman: Well, that's stronger than I would put it. I would say it seems to me that when you have a good strong organization doing a big share of it, you're at least in a position to do what needs to be done to make any changes in the handling of the problems.

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\*Rabelais



## CONTROLS

Chall: Then you also would feel, as I guess Sapiro felt, that you have to have a good strong share of the market in order to make the cooperative even begin to function well.

Erdman: I think you have to have enough that it's a significant organization. How big a proportion would depend on other things. If the activities you want to undertake benefit non-members who do not share the costs, you have to develop other methods, say, one of these so-called control plans. It's interesting to observe that the most successful of those control plans are those in industries with strong cooperatives.

The interesting thing to me is that now most of the industries using these controls are not concerned with trying to control production, but they're trying to do things which they could not do as cooperatives with a small proportion of growers, such as industry advertising. Without controls, outsiders will share the benefits without sharing costs. So this way you compel them all to share costs just as you require everybody to share in the public highway costs, which anyone may use at no cost.

Chall: What you're looking at then, in your writing, is what has, in fact, developed and how successful it may have been. I'm sure major changes have been made at certain periods of time as our economy changed or as technology changed. Then there must be some significant results.

Erdman: It's astonishing when you try to summarize the changes that have gone on in the poultry industry, for example, from the time these first organizations started to the present time. It's a fantastic change that's gone on. Covers the whole industry from the breeding techniques, operation of the hatcheries, the methods of caring for the chick where every baby chick has to be vaccinated two or three times. If you imagine doing that for one thousand chicks...! And you have to examine every one with a microscope to see whether it's a male or a female because for egg-producing you want only the hens, and you want to discard the others, get rid of them as fast as you can.





## RESEARCH AND EXTENSION DIVISION PERSONNEL

- Chall: I notice that at one point in your work here, you wrote a paper on the relationship of research and Extension agencies to cooperative marketing agencies and tried to indicate that there should not be a split in dealing with cooperative marketing agencies between research and Extension. You thought that the qualities of a person dealing with cooperative marketing and research should be the same.
- Erdman: I don't think I argued so much that it shouldn't be done that way, it was being done that way, but my notion was that there was an advantage... I was trying to point out the advantage you have if you have a man who can deal with both marketing research and spreading knowledge gained. And that that should be the objective.
- Chall: Did you write this because you were dealing with the problem here of the split between Extension activity and research?
- Erdman: No, I wrote it that way because I disagreed with the argument that was sometimes advanced that the researcher should not do Extension work. If the research is well done and gotten out in well-written bulletins, if it's any good, there are plenty of people--so some arguments went--who can popularize it. It so happened that I had felt that by just reading a bulletin, even if it was well-written, you couldn't quite get the feel of the kinds of problems the farmers faced. If you're going to work with them, you need to know more about it than that. I've forgotten when that was written.
- Chall: 1931.
- Erdman: Well, that was after I had selected Stokdyk for our staff with that kind of thing in mind.
- Chall: Was he hamstrung because of the way the agencies here were set up?
- Erdman: No, he wasn't hamstrung. He was unstrung, in a sense. I first met him at a meeting of the American Institute of Cooperation, where he came and audited the course I was giving. He was at that time a graduate student



Erdman: at the University of Wisconsin, but he had been an Extension man in Kansas for several years. For his graduate work he wrote an interesting thesis on, I think it was, potato prices. Anyhow, it was a statistical paper that I thought was well-done.

I felt that the kind of work we had here, where men needed to get out into the field a good deal, would be a good deal stronger if the man knew what he was doing and could then go to farmers' meetings and explain. Well, when he was on the job, after they got to know him, he'd find the manager looking over his shoulder to see what he was working on now, wondering what's coming up next. He knew his statistical procedures and was good at presenting papers and so forth, telling what he was doing. So he got to doing more of this than I did because I was busy with the teaching most of the time and he got into that.

Chall: He was doing primarily research though when he was here or was he combining a little of each?

Erdman: He also taught part of the time, but it was primarily research, yes. And Extension work only incidentally in connection with follow-up.

Chall: So the split remained here between research and...

Erdman: Well, yes, it continued. We already had an Extension man in farm management. Wellman was the first in marketing--in 1926, I guess it was when he was hired by the Extension Division. He didn't work on the cooperatives alone, but cooperatives were the main users of his work, in a sense. Then came F.R. Wilcox, who later was manager of the California Fruit Growers' Exchange and has retired just lately. And John Schneider. Don't know where he is now. He's teaching marketing now somewhere unless he's retired by now. And then later George Alcorn, who is now director of Agricultural Extension, was brought in. By the time they came in, I had much less to do with cooperatives.



## CONSULTING

Erdman: You asked if I had done any consulting. If by that you mean did I go out and do something for them for a fee, the answer is no. I wasn't ever paid a fee for anything I did for cooperatives until after I had been retired for a couple of years. I did one little job then. But if you mean, did I consult with people or did they consult with me, it's yes. In the first place, I was always asking them all kinds of questions about their operations. But then if they were interested in some organization with a problem, I would frequently find myself being "consulted." A man with a problem likes a good listener, and I was eager to learn what the cooperatives' problem was.

It'd be the same kind of thing I would do if they were picking my brains for a fee. They wanted to know how did other organizations do this, how did it work out, and how does our plan look now? And I know I was criticized at times for being too frank and saying I didn't think certain plans would work.

Chall: Sometimes then they wouldn't take your advice, and sometimes...

Erdman: Well, of course, I didn't go out of my way to advise them. I don't know that I...

Chall: But you were, in a sense, advising them when you would tell them that one plan might be better than another.

Erdman: Well, that's right, but that's different from your saying this is what you ought to do.

Chall: Yes, the non-direct approach.

Erdman: Well, yes. Some people say you're straddling the fence, and that makes you a mugrump--is that the historical term for it. [Laughter]

Chall: Later you did the same kind of thing, as you said, for a fee that you were doing previously without fee. I would consider this consulting--but why did you not take a fee in the earlier days?



Erdman: Well, we were not supposed to. It was the College of Agriculture policy that we do not charge fees. There was a time, just before Dean Hunt's day, when some of the faculty of the College of Agriculture--as the rest of the faculty has done all the way along--did charge fees for going out and working with farmers.

Chall: Yes, so I thought this was common.

Erdman: At least as far back as Dean Hunt's early days, I think it was, that was done away with in the College of Agriculture. We were employed full time to work on farm problems, that was our job, and our expenses were paid by the University to go out and speak at meetings and whatnot, if that were called for along with our research, and so we weren't to charge for that. And that remained the policy here until very very recently as far as the College of Agriculture was concerned.

Chall: So the College of Agriculture has changed its policy?

Erdman: I don't know how much it has generally. I know that some of our own staff here have done quite a bit of consulting. I have never taken any of the foreign jobs either because I felt too strongly that I knew too little about their problems. I would think of their problems in terms of our people and their mores or ways of thinking; I couldn't try to impose that on Iraq or Israel or China... I think they need to come and see what we do and get close enough to us maybe to talk to some of the people who really know what goes on here. Then they can re-think their problem in terms of what they've learned as it applies to their people's way of behavior and thinking.

#### SOME LEADERS IN THE COOPERATIVE MOVEMENT

Erdman: When you talk about the leaders, you want to know whom I knew. I don't know that I should say too much about them. My notion about these leaders is that I know very little about most of them. I made a list of some of those I had known, and going through the thing, running over in my mind, I think I must have known fifty of them.





Erdman: But you don't know them very well, and when you see people occasionally, what do you know about them? You know nothing about their family backgrounds, what other burdens they're bearing, or why they're good, or whether they're any good or not, whether you see the best side of them. You do see them in action occasionally, and they're interesting people in that sense. And some, like Frank Swett, who lived here, and a few others--John Lawler, manager of the Poultry Producers of Central California, I've known quite well over the years.

Chall: Would you say there is a sort of common thread among them--that a particular kind of person would make an outstanding leader or manager in the field?

Erdman: I don't think so. You need to have ability... I don't know how one would answer that. Looking over the list, they're a diverse lot, some hard-headed businessmen like Frank Swett and John Lawler, some quiet, unassuming, like George Cutler, or Paul Armstrong--all kinds, but I can't list the leadership qualities.



APPENDIX - Publications of Henry Erdman, 1917-1967



The marketing of Wisconsin milk, by B.E. Hibbard and H.E. Erdman. Madison, 1917. 71p. (Wis. Agr. exp. sta. Bul. 235)

Farmers' mutual insurance. (In Country gentleman, v.        no.        May 9, 1918, p.

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